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# ***JPRS Report***

## **East Asia**

***Korea***

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# East Asia

## Korea

JPRS-KAR-88-016

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### Question of Cohosting, Cosponsorship of Olympics Examined

41070080 Seoul CHOSON ILBO in Korean  
9 Jun 88 p 5

[Article by Reporter Yi Yong-ho: "What Does North Korea Mean By 'Cohosting'?"]

[Text] Even at this moment, with the 24th Olympics only 100 days away, many people seem to be concerned about the differentiation between the terms "North-South cohosting" and the holding of games in separate locations.

Nevertheless, cohosting and holding the games in separate locations are clearly two different things. As a matter of fact, it is open to question whether the idea of "cohosting" or "cosponsorship" as interpreted by north Korea is accurately comprehended.

The practice of "holding games in scattered locations" as permitted by the International Olympic Committee (IOC) is nothing new. It was a common practice in the past Olympic games that the organizing committee for each Olympiad allowed some events be held in locations adjacent to the host city for the sake of convenience. On the other hand, the idea of "cohosting" has surfaced in connection with the forthcoming 24th Seoul Olympics for the first time in the past 100-year modern Olympic history. In other words, it is a "new term" coined by north Korea for the first time in the Olympic history.

Each Olympiad has been held in the city selected by the IOC, which has absolute power over the Olympics; and never has any objection been raised, not even once, to sponsoring the games by the host city alone, selected under the Olympic Charter. In accordance with this unwritten law, the 84th general IOC meeting selected Seoul as the host city for the 24th Olympic Games. Now that the host city was selected, all we had to do was just to get ready for the games. However, when Seoul was selected as the host city, north Korea began to persistently demand that the host city be changed on the grounds that "the Korean Peninsula is an area where the danger of war always exists." But this demand ran up against a stone wall in the face of the IOC's undisputed authority, and even communist camp countries, the target of north Korean lobbying activities, turned their backs on that demand. In 1985, north Korea came out with the idea of "North-South cohosting." The word "cohosting" itself is not an unfamiliar word. But, the IOC Charter has no such provision with regard to the hosting of an Olympiad, nor has there been any Olympiad jointly hosted. Since there is no established conceptual interpretation of the word, it does not lend itself to easy interpretation. So, we have no alternative but to examine what north Korea, which was the first to make such a demand, wants.

North Korea demands that north and south share the right to exercise leadership over the 24th Olympics and hold them together as equals. To be more specific, this is what north Korea demands: (1) that the north and the south have separate, completely independent Olympic organizing committees; (2) that there be two different names for the Olympics, one the "Korea-Pyongyang Olympics" and the other the "Seoul Olympics," and that separate opening and closing ceremonies be held in Seoul and Pyongyang; (3) that the games be separated completely between Seoul and Pyongyang. Initially, north Korea wanted to host half of the total events, but later amended its demand proportionately to the population ratio between the North and the South and demanded eight events. In addition, north Korea wants separate or apportioned business rights related to the Olympics, such as TV rights and the right to issue memorial coins.

North Korea says, in one breath, it wants the north and the south to co-host the 24th Olympics for the sake of a "safe Olympiad and national reconciliation." But in another breath, it says that even if the Olympics are co-hosted, it will not allow mutual visits between the North and the South, nor will it send its athletes to the Seoul games.

Accordingly, the "cohosting" as used by north Korea does not mean an operating system by which the north and the south under a single organizing committee will set Seoul and Pyongyang as sites of the games and permit North and south Korean athletes to freely travel between Seoul and Pyongyang to participate in their games. It boils down to the demand that the North and the South be allowed to exercise a separate but equal right to host the games.

The IOC was more dumbfounded by north Korea's demand for cohosting than anyone else.

The north Korean demand runs counter to the IOC Charter, which stipulates that "the IOC entrusts the National Olympic committee (NOC) of the host country to organize the Olympics" and that "all the games will take place at the main stadium in the city selected as host city by the IOC, or at locations adjacent to it."

If the IOC were to accept the north Korean demand for cohosting, it would have to amend these charter provisions which involve its fundamental spirit.

It is most unlikely that the IOC, which takes pride in its 100-year-old tradition and enjoys its supreme authority, will go so far as to revise its charter, an act which would set a bad precedent, in order to accept north Korea's "absurd demand."

While reaffirming Seoul as the host city for the 24th Olympics by a resolution adopted at its 1985 general meeting, the IOC came up with the proposal to "hold the games in separate locations" as an arbitration plan, with a view to having all IOC member nations participate in the Seoul Olympics.



The proposal called for holding five events, including table tennis, archery, and men's volleyball, under the jurisdiction of the Seoul Olympics organizing committee.

This proposal was based on the IOC Chapter provision that "the host city with the consent of the IOC may have some events held in other adjacent cities." In the case of the Seoul Olympics, it has already decided that in addition to Seoul, some events will be held in Pusan (yacht and soccer), Kwangju (soccer preliminaries), and other cities. The IOC arbitration plan falls under this category.

On the basis of this arbitration proposal, the IOC arranged four rounds of North-South sports talks in Lausanne between October 1985 and July 1987, but north Korea spurned the proposal each time.

Under these circumstances, 161 countries in the world, including the Soviet Union and other East bloc countries, had accepted the invitations to the Olympics as of January this year, when applications were closed. Thus the Seoul Olympics will be the largest Olympics in history, with both the East and West participating for the first time in 12 years. This prospect for worldwide participation is not based on any assumption that the games will be co-hosted or held in separate locations. Because the IOC position on the 24th Olympics is clear, the only alternative open for north Korea is to accept the dispersal plan. As things stand now, however, there are no signs whatsoever that north Korea will accept it. Even if it accepts this plan all of a sudden, whether the plan could be implemented is questionable.

First, it is problematical in terms of technology and time whether north Korea will be able to hold some of the games. The games require something more than the cities

and lodgings. It takes more than several months to prepare high-tech facilities, such as electronic communication equipment necessary for the management and TV media coverage of the games. In addition, there are so many things which would require advance consultations with the IOC, the international sports associations in the areas of the games assigned to north Korea, and consultations between the North and the South. A new program of games would have to be worked out; and the coverage contracts already signed with various foreign TV firms would have to be renegotiated due to an expected increase in coverage costs.

Furthermore, there is no assurance yet for free entry to north Korea by the relatives of the athletes, whose number is estimated to be at least 25,000, in case the games are to be held in separate locations.

What is more, many prospective participating nations and various international athletic associations are even against holding the games in separate locations in the north and the south. Participating nations would experience inconveniences and incur additional expenses because they would have to manage their Olympics teams separately in the north and the south. International sports associations have made it known that in case some games should be held in north Korea, let alone when north and south Korea should "co-host" the games, they will not participate in games in north Korea partly because their uneasiness about the stadium facilities in the North and partly because they would feel isolated from Seoul.

Such being the sorry state of the demand for cohosting and the proposal for games on separate locations, even the communist bloc countries which once sympathized with the north Korean demand are now silent about it.

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## POLITICAL

### Investigation Reveals Information Concerning 'Ilhae Foundation'

#### Genesis of Foundation

41070058 Seoul CHOSON ILBO in Korean  
17 May 88 p 2

[Article by Song Hui-yong: "Formation of Ilhae Institute: The Background Story"]

[Text] Once again, various doubts and problems surrounding the "Ilhae" are becoming the subject of public interest as more information about Ilhae Institute, whose name has been changed to Sejong Research Institute, comes to light, such as the process of founding the institute, names of donors and amount of funds. What was the true motivation of founding the institute, and to what extent was the political power involved during the fund-raising process? Indeed, could it be that the heads of the industrial groups were forced to donate the funds?

Over the last weekend, Sejong Research Institute held a management advisory committee meeting.

It was a rather toned-down meeting where no more than 10 committee members out of 52 heads of the industrial groups who donated funds attended. At this meeting, honorary Chairman of Hyundai Group Chong Chu-yong gave an ambiguous speech that resulted in criticism.

Chairman Chong said, "It is true that we initially donated 1.5 billion won without difficulty. But I don't understand how we ended up giving another 1.5 billion won each during the second and third round." In other words, he clarified that the later donation of 3 billion won was made under pressure.

In response, Chong Su-chang, former chairman of the Korea Chamber of Commerce and Industry who was deeply involved in the fund-raising process along with Hyundai's honorary Chairman Chong, raised an objection, saying, "What are you talking about? At that time, we agreed that Chairman Chong and I would make the donation in three installments because it was burdensome for us to make a large deposit at once."

Here, supporting Mr Chong Su-chang's story was Mr Choe Sun-dal, chairman of the board of directors for the Korean Science Foundation and the Ilhae's first chairman of the board of directors. He said that it was his understanding that the two Chongs and he agreed to the three-installment deposit plan. However, it was said later that honorary Chairman Chong kept emphasizing that he does "not remember" such an agreement.

What caused such a confusion? Even honorary Chairman Chong, who was deeply involved in the fund-raising process, insists, "The donation was made under pressure." Does this mean that his speech is based on a legitimate ground?

To find answers to those questions, we have no choice but studying the background of Ilhae Foundation. The public opinion within the financial circles indicates that the discussion of founding the Ilhae Foundation first took place on the airplane returning home right after the disaster of Aung San. Former President Chon Tu-hwan asked the industrialists to assume a major role in establishing and supporting the peace and national security, and the heads of the industrial groups who were passengers on the same airplane agreed to the proposal.

About a month later, on 25 November 1983, at 2:00 pm, 15 people in the political and financial circles met secretly in Samchong-dong, Seoul. At the house in Samchong-dong, which is separated only by a wall from the Blue House [the Korean Presidential residence], what may be called a meeting of the Ilhae promoters was held. The following individuals attended the meeting: honorary Chairman Chong Chu-yong, Chairman Chong Su-chang, Chairman of Lucky-Goldstar Group Ku Cha-kyong, Chairman of Daewoo Group Kim U-chung, Chairman of Sunkong Group Choe Chong-hyon, former chairman of Kukje Group Yang Chong-mo, Chairman of Ssangyong Group Kim Sok-won, Chairman of Korea Explosives Kim Byong-yon, President of Daerim Industries Yi Chun-yong, Chairman of Samsung Group (then vice chairman) Yi Gon-hui, Chief Director of Sinhan Bank Yi Hui-gon, Chairman of Samyang Group Kim Sang-ha, former Minister of Science and Technology Choe Sun-dal, former Minister of Justice Yi Ung-hui, and a present assemblyman of DJP. Also, attending the meeting was Mr Cho, who belongs to a security command.

According to the participants' memories, Chairman Kim Sung-yon first gave his speech indicating his agreement to the object of setting up the foundation, and Chairman Yi Gon-hui (some say chief director Yi Hui-gon) reportedly suggested establishment of procedures for selecting the foundation members by creating a selection committee. According to the scenario, Mr Choe Sun-dal was selected as the first chief director, Mr Yi Chong-won became auditor, and active military officer Mr Cho became executive secretary and chief of the general affairs. The rest of the people from the financial circles became directors of Ilhae Foundation.

What is interesting is that the second-generation financiers actively participated in the first meeting, that a soldier on active duty was appointed as a working-level chief, and that Chairman of Kukje Group Yang Chong-mo attended this meeting.



Six days after the secret meeting of promoters, the Ilhae Foundation, which calls itself a nonprofit scholarship foundation, completed its registration at the Seoul Board of Education. According to the records at the Seoul Board of Education, the business of Ilhae Foundation is to: award scholarships for the men of merit, promote physical education, promote science and technology, and cultivate top-flight manpower. It is gathering attention since it will add the "Institute of 1988," which will later be changed to "Institute for Security and Reunification" to "Institute for Peace and Security" to Ilhae Institute and to Sejong Institute. The Ilhae Foundation's basic fund for the establishment is 50 million won. In order to make the procedure perfect, former President Chon contributed a certificate of trust cash fund issued by the Kyonji-dong Branch Office of Seoul Trust Bank, which is accompanied by Mr Chon's certificate of his seal.

Upon completion of the registration of the foundation at the courthouse, the first meeting of the board of directors was held on 14 December 1983. At the meeting, the directors discussed the issue of making payments to the beneficiaries of victims of the Aung San disaster. A total collection of more than 2.303 billion won was distributed proportionally according to the degree of injury. Beneficiaries of the dead received 120 million won each, and the injured people received 1.03-25 million won each. The entire collection was paid out. Of course, most of the funds came from the major industrial groups.

As the payment of the fund for the disaster was completed, the Ilhae Foundation launched an active fund-raising campaign beginning in 1984. Chief Director Choe teamed up with Colonel Cho and began making visits to major corporations. Chief director Choe Sun-tal insists that he first planned to collect 50 billion won, but after being scolded by former President Chon, he lowered his target to 20 billion won. It is said that Chief Director Choe and Colonel Cho were welcomed at each site, and that they explained the foundation's objectives in the corporate executives' rooms. Colonel Cho was specially assigned because of his background as an accounting officer, but it is said that during his visit, he only mentioned the target fund and never suggested an individual group's share.

The two people received a VIP treatment from most of the financiers, but an exceptional incident occurred. Despite the fact that Chairman Yang of Kukje Group attended the promoters' meeting, he complained that the amount of the target fund was too high. Not to mention that Kukje Group did not even provide Mr Choe and Colonel Cho with their private elevator, it is said that Chairman Yang picked up the foundation's prospectus and threw it on the desk, making the two visitors feel extremely uneasy.

Chairman Yang admits that he might have been somewhat irrational at that time, but it is unclear as to the rumor that Colonel Cho made a phone call to Chairman Yang immediately after the incident to express his anger.

It was in April 1984 when the heads of the major industrial groups besides the two people launched themselves into the fund-raising campaign. Some say that former President Chon and the then Blue House security chief, Chang Se-dong, gave a hint that the foundation members hold a meeting for the promotion of the foundation's establishment. Anyway, in the morning of 12 April 1984, the heads of the major industrial groups met in the room 1201 of Lotte Hotel to discuss methods of collecting the fund. At the meeting, Chairman Chong Su-chang enunciated a proposal, and Mr Chong Chu-yong, Mr Yang Chong-mo and Mr Ku Cha-kyong agreed to the amount of funds to be collected by the individual groups. On 27 April, a larger number of financial leaders gathered on the 36th floor of Lotte Hotel. Among the 17 financiers attending the meeting in the name of the support committee were those from Dainong Group and Kolon Group.

There are several different opinions as to the background of the support committee's participation. Some say that Chairman of Dainong Group Pak Yong-hak formed support committees and the like and volunteered to join the committee. Some say that the committee was organized through an active participation of Chairmen Chong Su-chang and Chong Chu-yong. Some say that individual financiers voluntarily jumped into the act after they were given a hint from the Blue House security office. It would be better to say that all three assumptions are intermingled rather than saying that any one of these assumptions is correct.

After a series of meetings, the financiers began to donate funds. It is said that the collection point was at first in the Blue House security office area, but was later changed to the House of Comfort in Samchong-dong. The donors recalled that there was a confusion about the location of delivery, and it was said later that certain financiers delivered their donation for the Ilhae Foundation fund along with political funds, including the contribution to the Saemaul [new community] fund at the same time. It is said that this process resulted in a situation where the donor's intent and the amount of funds donated differed during the process of separating the donation for the foundation from the political funds.

It clearly indicates the possibility that because there were two collection points, the amount of donation from the individual financiers were different from the actual amount of funds collected. In other words, the accounting was incorrect at first.

There are a few episodes about the process of collecting the fund. Chairman of Hanbo Group Chong Tae-su actually contributed to the fund, but the fund was later returned because the firm's financial condition was poor. It is said that President of Daerim Industries Yi Chun-yong was told that the firm's share of the funds was relatively small compared to the size of the firm, and that the firm raised its initial donation of 300 million won to 500 million won in the following year. It was rumored in



the financial circles that chairman of Tokyo Commercial Bank, Ho Pil-sop, who is a Korean-Japanese businessman contributed to the construction of Cheil Golf Course in Panwol, Kyonggi Province and that president of Cheil Hungop, Pae Chong-song contributed to the construction of Pugok Hawaii, but their actual involvements have not been confirmed. Another story is related to the receipts for the donation. At first, some of the financiers complained about the delay in obtaining receipts, but on the contrary, it is said that some of the financiers have not picked up their receipts thus far, causing concerns about their accounting procedures. It is said that quite a few financiers collected donations from their affiliated companies and that certain financiers used a 6-month long-term bill in making contributions.

Another matter of concern in connection with Ilhae Foundation is the procedure of land acquisition. At first, Ilhae Foundation reportedly searched for its site within the vicinity of Yangchae-dong, Seoul. Then, it was reported that the Blue House security office found the site where the foundation is currently located, and subsequently the site was acquired.

An authority who was involved in the land acquisition process at that time said, "When the contract was first signed for the purchase of the land, it was clearly done in the name of Mr Yun, Mr Kim and Mr Mun. But later, a transcript of the register revealed that about 74 percent of the total of more than 200,000 pyong was registered in the name of honorary Chairman Chong Chu-yong, Chairman Yi Myong-bo and Hyundai Construction Corporation. I don't know why Hyundai Corporation was involved in the contract instead of a private citizen."

Another authority said, "At the time when the Hyundai's land was to be sold, 650 million won was to be paid. One day, the security office told us to bring 650 million won. So, we delivered. A few days later, the people at the security office said, 'We reached an agreement with Hyundai,' and returned the money. Thus, 650 million won was probably recorded in the book as an expense for the land acquisition; on the other hand, the record probably shows that Hyundai donated 650 million won." But honorary Chairman Chong reportedly said recently, "The land was practically taken away from us by force." On the other hand, an authority of the security office at that time asserts, "We found out about the land because Chairman Chong voluntarily reported on such a site, and the purchase price was donated voluntarily." Thus, questions still remain as to why Chairman Chong used a false name in the contract of the land acquisition and exactly what kind of agreement between the Blue House security office and Chairman Chong resulted in the situation where the land was voluntarily donated by Chairman Chong.

#### Names of Fund Donors

41070058 Seoul MAEIL KYONGJE SINMUN in  
Korean 17 May 88 p 11

[Text] It has been reported that during the fund raising process for the establishment of Ilhae Foundation (now

called Sejong Research Institute), former President Chon Tu-hwan provided 2.05 billion won and other 52 people, including key domestic financiers and Korean-Japanese businessmen, donated 57.85 billion won.

Former President Chon reportedly provided 50 million won initially as the founder and later deposited an additional 2 billion won, but the origin of the fund is unknown.

Among the largest donors were honorary Chairman of Hyundai Group Chong Chu-yong, Chairman of Pohang Iron and Steel Pak Tae-chun, and Chairman of Samsung Group Yi Kon-hui, with 4.5 billion won each.

These three individuals donated three installments of 1.5 billion won per year for 3 years from 1984 to 1986.

In addition, Chairman of Daewoo Group Kim U-chung, Chairman of Lucky-Goldstar Group Ku Cha-kyong, Chairman of Sonkyong Group Choe Chong-hyon, Chairman of Lotte Group Sin Kyok-ho, Chairman of Hanjin Group Cho Chung-hun, and Chief Director of Sinhan Bank Yi Hui-gon (a Korean-Japanese businessman) contributed 3 billion won each.

In particular, honorary chairman of Hyundai Group Chong Chu-yong donated, in addition to the cash donation, a land for the construction of the institute in the name of Hyundai Construction and president of Hyundai Construction Yi Myong-bo (present chairman), gave the actual total donation of 5.15 billion won.

It was reported that Hyundai initially used a false name when it signed the contract with Ilhae Foundation for the sale of the land and that the Ilhae was going to pay 650 million won for the land, but Hyundai refused to accept the payment as well as the payment for the construction of the second Yongbinkwan [guest house].

Listed in the table are the names of donors and the amount of funds.

#### Corporate Heads and Their Contributions to Ilhae Foundation (unit=100 million won)

Heads of the Industrial Groups	Amount of Fund	
Chong Chu-yong	Hyundai	45
Pak Tae-chun	Pohang Steel	45
Yi Gon-hui	Samsung	45
Kim U-chung	Daewoo	30
Ku Cha-kyong	Lucky-Goldstar	30
Choe Chong-hyon	Sonkyong	30
Sin Kyok-ho	Lotte	30
Cho Chung-hun	Hanjin	30
Yi hui-gon	Sinhan Bank	30
Kim Byong-in	Korea Explosives	15
Choe Won-sok	Dong-a Construction	15
Kim Chun-yong	Daerim Industries	15
Kim Chung-won	Hanil Synthetic Fiber	9
Kim Sang-hong	Samyang Co.	9
Yu Chan-u	Pungsan Metals	9



**Corporate Heads and Their Contributions to Ilhae Foundation**  
(unit=100 million won)

Heads of the Industrial Groups	Amount of Fund	
Pak Yong-ik	Doosan	9
Yi Chong-kun	Chongkundang	9
Cho Sok-rae	Hyosong	9
Ho Chae-kyong	Hanil Cement	9
Pak Yong-hak	Dainong	9
Kim Son-hong	Kia Industries	7.5
So song-hwan	Pacific Chemicals	7.5
Yi Dong-gol	Kolon	7.5
Yim Chang-yu	Miwon	7.5
Pak Song-yong	Kumho	6
Kang Sin-ho	Dong-a Pharmaceuticals	6
Pak Kon-bae	Haitai	6
Yi Hong-hui	Dongsuh Foods	6
Chang Chi-hyok	Koryo Synthetic Fiber	6
Choe Chong-hwan	Samhwan Industries	6
Yang Chong-mo	Former Kukje Group	5

Other donors of less than 500 million won: Kim In-duk (Pyoksan); Kim Chun-ki (Dongbu); Kim Chang-song (Chonbang); Pak Song-hyong (Silla Trading); Paek Yong-ki (Dongguk Trade); So Min-sok (Dongil Textile); U Sang-ki (Sindorico); Yun Chik-sang (Sammi Metal Co.); Yi Kyong-hak (Korea Trade); Yi Byong-mu (Asia Cement); Yi Un-haeng (Pusan Pipe); Yi Ui-chol (Ssang-bangul); Yi Hoe-rim (Dong Yang Chemicals); Chang Yong-sin (Aegyong Industrial Co.); Chang Sang-tae (Dongguk Steel); Chang Hong-son (Kukdong Oil Co.); Chong Hyong-sik (Ilyang Pharmaceuticals); Hyong Chae-hyon (Dong'yang Cement); Ho Pil-hyop (Korean-Japanese chairman of Tokyo Commercial Bank); Pae Chong-song (Korean-Japanese president of Cheil Hungop).

**Foundation Receives New Name**

41070058 Seoul CHOSON ILBO in Korean  
20 May 88 p 2

[Article by reporter Song Hui-yong: "Former Ilhae Institute is Adrift in the Midst of Power Struggle"]

[Text] Contention is in full blast for the leadership of Sejong Research Institute (formerly Ilhae Foundation), whose assets are valued at more than 62 billion won. In a narrow sense, it is a confrontation between the chairman of the board of directors, Chong Chu-yong, and director of the institute Kim Ki-hwan, and in a somewhat broad view, it is a conflict between a few donors and the researchers.

The people on one side contended that they wanted to hold the management leadership while exercising their influence as much as their investment allows. The people on the opposite side insisted that the donors should forget about their contributions. Some financiers contended that they had been "deprived of" the funds and the site for the construction of the research institute. On

the other hand, the people working at the research institute asked, "Why do you still retain lingering thoughts for the money that you have voluntarily given?" The situation is such that as the founder gives up his ownership, everyone wants to grab a piece of management rights for the foundation.

On the morning of 19 May, prominent figures gathered at Hyatt Hotel located at South Mountain in Seoul to participate in the so-called board of directors meeting, which was nearly filled with a secret feud. Attending the meeting were 15 prominent figures, including a group of directors of Sejong Research Institute and auditors. On the agenda was the issue of revising the statute of the foundation.

Bickering broke out as soon as the meeting came to the issue of revising the statute, which had been proposed by Chief Director Chong Chu-yong. The key point of Chief Director Chong's Proposal was to break the Sejong Research Institute [of Ilhae Foundation] into Sejong Foundation and Sejong Institute, which will be assigned under the foundation. In addition, it was proposed to repeal an article under which the head of the institute was automatically appointed as a member of the board of directors.

Chief director Chong Chu-yong suggested, "In order for the Sejong Research Institute to grow, it is best to reorganize." In response to this, lawyer Yi Pyong-yong (a DJP assemblyman elected in the national constituency) agreed enthusiastically, saying, "The [revised] articles perfectly suit my taste."

Surprisingly, however, there was a fierce resistance from other directors. The atmosphere was such that no detailed explanation was necessary to figure out that the intent [of the proposal] was to weaken the function of the institute and to assign the managerial leadership to chief director and that there was a hidden intent to drive out the institute's director Kim Ki-hwan from the board of directors.

Professor of Seoul National University Yi Yong-tok raised an objection, saying, "I thought this meeting was for changing the institute's name, but what's all this about?" Besides Professor Yi, other directors expressed their opinions, saying, "Is it necessary to revise the statute at this time?"

However, Chairman of the Board Chong steadfastly continued his persuasion so that his proposal or revising the statute can be accepted. In response, Director Sin Pyong-hyon (former deputy prime minister) who is usually silent, reportedly stood up angrily, saying, "A large number of directors have already expressed their objections. I don't understand why chairman of the board Chong is overly committed to revising the statute. Should directors follow the chairman of the board's opinion unconditionally?"



In addition, when there was a question as to why the institute's founder and former President Chon Tu-hwan demanded a name change, a quarrel broke out, which was like a war of attrition. This caused a disturbance wherein the staff members were asked to look up the newspaper scrapbooks. It was reported that because of the frequent quarrels, the meeting ran out of coffee which was provided by the hotel.

After all, at the end of the meeting, which lasted 4 hours, chairman of the board Chong Chu-yong avoided the issue of voting methods and deferred his proposal. Also, a committee was formed, which consisted of Chairman of the Korean Federation of Industries [KFI] Ku Cha-kyong, Minister Cho Hyang-nrok, lawyer Yi Pyong-yong, professor of Seoul National University Yi Yong-tok, lawyer Yi Chong-won, and director of the institute Kim Ki-hwan. This committee was to discuss the issue of revising the statute.

Of particular interest in this meeting is that the participants from the financial circles, including chairman of the KFI, Ku Cha-kyong, chairman of Samyang Group, Kim Sang-hong, and former chairman of the Chamber of Commerce and Industry, Chong Su-chang, were not so supportive of chairman of the board Chong's proposal.

It is said that a similar situation existed at the management advisory committee meeting which was held last weekend. There is an impression that chairman of the board Chong could not obtain a positive support from the participants of the meeting of the management advisory committee, which is formed with heads of the financial groups who contributed funds. It is said that as chairman of the board Chong mentioned the issue of revising the statute, advisors of Samsung Group cautiously expressed their objections, saying, "The present statute is good...." Only the Chairman of Dainong Group Pak Yong-hak is said to have supported chairman of the board Chong's position.

Particularly visible at the management advisory committee meeting was the sharp confrontation between chairman of the board Chong and director of the institute, Kim Ki-hwan.

Chairman of the Board Chong said ironically, "I don't know why Director Kim appointed me to such a high post and put me in such a difficult situation." In response, Director Kim said, "Chairman Chong was appointed to the chairman of the board's post because he wanted it."

Such a confrontation also occurred at the board of directors meeting which was held at Lotte Hotel on 4 May. At the board of directors meeting at that time, Chairman Chong kept saying that his organization was forced to donate the site for the construction of the institute. Immediately, Chairman Ku Cha-kyong responded, "Oh! I guess you are rethinking about the land you donated. Then, why don't you file a lawsuit?"

The press conference at that time was also very unusual. The method of requesting for a press conference was extremely unconventional. At the press conference, the seats for Chairman Chong and Director Kim were initially arranged side by side, but Director Kim sat in the back of the conference room.

Knowingly or unknowingly, such a confrontation between the two has been revealed, and this is primarily due to the entirely different viewpoints of the donated funds. A few financiers, including Chairman Chong, think they should "recover the stolen funds," while the members of the institute, including Director Kim, insists the donors should keep their "hands off the donated funds."

It is said that Chairman Chong said privately, "Originally, we intended to build an electronics research institute on that land, but this is what happened," and "Of the 4.5 billion won that we donated, 3 billion won was given under pressure." In response, the people at the research institute said, "I don't know why he talks about all this at a time when most of the donors would rather wish to have no relationship with the institute."

In particular, Chairman Chong said recently, "There is no need to worry about the researchers. Aren't they hired on contract?" He asked, "What is the term of their contract?" It is said that what he meant was that the reorganization, if carried out, will create no significant frictions.

It is said later that the researchers of Sejong Institute were extremely unhappy about such expressions. They said disappointedly, "At a time when the institute is experiencing hardships, the chairman of the board should give us words of encouragement. How could he hurt our pride?"

It is said that director of the institute, Kim, and the research members attempted to tightly unite and organize individual thoughts in order to make the institute a purely civilian research institute based on wealthy funds and facilities. It is said that they shared opinions about the possibility of making the institute a world-class research institute, such as the Brookings Institute or Carnegie Institute in the United States, which is not influenced by the political power.

However, the donors are not so easy to deal with. Since the institute was built with funds from the industrial financiers, the donors hope the institute would focus its efforts on research tasks for the improvement of the images of the industries and for the progress of the industrial world. Some people say that some financiers support chairman of the board Chong because they, too, hope the institute would serve such a purpose.

In any case, Sejong Research Institute, which is equipped with the largest facilities and the largest amount of research funds [in the nation], is adrift because of the



leadership conflict. Furthermore, in the case everyone who is related with the institute becomes greedy, it would be extremely difficult to predict the direction of "Sejong."

Members of the Sejong Board of Directors are: Chairman of the Board: Chong Chu-yong, Honorary Chairman of Hyundai Group; Directors: Ku Cha-kyong, Chairman of the KFI; Kim Ki-hwan, Director of Sejong Institute; Nam Chin-u, Chairman of Korean Trade Association (former Prime Minister); So Kyong-ok, former President of Tongguk University; Sin Pyong-hyon, Chairman of National Association of Bankers (former Deputy Prime Minister); Yi Ki-paek, former Minister of Defense; Yi Pyong-nam, Lawyer (DJP Assemblyman Elected in National Constituency); Yi Pyong-chu, Fiction Writer; Yi Yong-tok, Professor of Seoul National University; Yi Chong-o, former Minister of Science and Technology; Chong Su-chang, former Chairman of Korea Chamber of Commerce and Industry; Cho Hyang-nok, Minister of Hanil Church; Yu Su-kyong, Professor of Kukmin University (widow of the late Deputy Prime Minister So Sok-chun); Auditors: Kim Sang-hong, Chairman of Samyang Group (Business); Yi Chong-won, Lawyer (former Minister of Justice).

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### Political, Personal Future of Chon Tu-Hwan Discussed in Tokyo Paper

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[By Takane Hajime]

[Text] If it is possible at all one should come to power by peaceful means. None is better than to avoid leaving behind long-lasting resentment resulting from a blood-letting feud.

But the world is not that simple. The problem would be simple if the predecessor is only staying healthy; however, if he is full of spirit and feels as though he is still in active service, it would be a great burden on the man who comes in after him. If the predecessor, who continues to wield influence as an "elder statesman" even after he has stepped down from his office and tries to increase his power, is left alone to do whatever he pleases, then the new man will never be able to consolidate his power, but on the other hand, if the new man tries too impatiently to put the predecessor down, he would face desperate counter offensive.

By slowly choking off his (predecessor's) influence and skillfully mollifying him, he hopes to put the man away into an alter, but if this does not prove to be enough he has to face the man head on and destroy him. Otherwise, he would expose himself to a danger. In any event, the power game between the old and the new is bound to become sinister and intense.

Half a year after the transfer of power, the relationship between Prime Minister Noboru Takeshita and former Prime Minister Yasuhiro Nakasone is still going through, at least on the surface, serene, "slow choke-off stage," but in neighboring Korea, barely a month after the inauguration of the new president No Tae-u, on 25 February, he is confronted with a showdown situation with the former president Chon Tu-hwan.

It was the arrest of former president Chon's younger brother, Chon Kyong-hwan, the honorary director of the Central Agency of the Saemaul (rural development) Movement by the Korean prosecution authorities on March 31, under the suspicion of embezzling public funds.

This was undoubtedly the beginning phase of the showdown between the new and old forces, and at this time it is difficult to determine the depth and the speed of the future development of the case.

Chon Tu-hwan, who was on his way to visit the United States on 22 March reportedly acknowledged painfully what was to come when he was informed three days earlier by the Minister of First Political Affairs and No Tae-u's close associate, Kim Yun-hwan that "Chon Kyong-hwan's summons was inevitable as the rising public outcry for the probe of the Saemaul scandal could no longer be suppressed."

Perhaps, on that occasion, Minister Kim tried to get Chon's understanding by stressing that the No administration would not intend to go so far as to look into the various scandals involving the Chon family including Chon himself, and that the action was an inevitable election tactic for the general elections scheduled for 26 April.

According to a source, in proof of his promise, Kim reportedly proposed to Chon Tu-hwan to assume the honorary chairmanship of the Executive Committee of the Seoul Olympics.

If it was so, it could be quite possible that what Chon did up to the point—after apologizing to the people for the scandal involving his brother at a press conference on 13 April upon his return to Korea by cutting his U.S. trip short, he clearly indicated that he would step down from both the chairmanship of the National Advisory Council of Elderstatesmen and the Honorary Presidency of the ruling party, the Democratic Justice Party (DJP)—was all in accordance with the scenario that had been agreed upon by No and Chon.

### Second Marcos

But, even if the intention on the part of No was to contain the case in such a manner that "they punish one and give warnings to a hundred," it could not be sure whether they could control the boiling public opinion so well. Moreover, first of all, there are sufficient reasons to



suspect whether or not No is pursuing two-pronged tactics that on the one hand he says something nice to Chon and on the other hand, he corners Chon by instigating the media behind the scene. South Korea's mass media, which appear to be freed in the sea of liberalization, and also for the reason of increasing circulations, are busy with revealing all sorts of things about the scandals surrounding the Chon family. Before, such information had only been trickled out from underground sources. Seizing this as a chance for their revival, the opposition parties, which have been going through continuous weakness and fragmentation, are voicing ever vigorously that "the government is trying to fool people by saying that the amounts involving Chon Kyong-hwan's corruption is 7.7 billion won (about 6 won equals 1 yen). The figure close to the truth should be more than 790 billion won." (alleged by Kim Tae-chung, President of the Party for Peace and Democracy)

As in the case of the collapse of Marcos dynasty in the Philippines, the key factor here is also that the United States is playing an important supporting role.

Since President Reagan is bluntly hawkish, this is enough for the macho types (eager to show off masculinity) such as Nakasone or Chon Tu-hwan to feel close to him, however, the Asian Desk officers at the State Department, and the eastern diplomatic mafia who are behind them, or the human rights group in the Congress, and the mass media headed by the Washington Post are consistently holding their views on the basic character of the former Chon Tu-hwan regime as a coup d'etat regime created on the blood of the Kwangju Incident eight years ago.

Last winter, by the time Chon started to move to prolong the life of his regime through a delay of constitutional revision and presidential election until after the Seoul Olympics, such a move was bitterly opposed and the corruption of the Chon family had begun to come to light.

In a sense, the preparation for the arrest of Chon Kyong-hwan at this time had already been made by the United States around that time. In terms of its context, the fact that such big figures as two former presidents, Nixon and Ford, former Secretaries of State Kissinger and Haig with whom Chon Tu-hwan, with scandal on his back, was scheduled to hold meetings during his visit to the United States for the purpose of showing his power and prestige to the people back in Korea and consolidating his position as an elder statesman, all cancelled their meetings as if they had agreed this might suggest that finally Washington had come to brand Chon as a "Second Marcos."

In any event, the future of this case might very well have great impacts on not only the outcome of the general elections but also on the eighth anniversary of the

Kwangju Incident in May, on the overall politics of south Korea which is to host the Olympics, and even on the American-Korean and the Japanese-Korean relations.

The discord between Chon Tu-hwan and No Tae-u did not begin at this time. Both of them were originally from Taegu, Kyong-sang north province, and also were classmates of the 11th class of the Korean Military Academy. At the time of the so-called "military purification coup d'etat" which was staged on 12 December 1979, Chon, then the commander of the military security command, in all practical purposes seized the power, and No took part in the coup as the Division Commander of the Ninth Division of the Third Army which was called the toughest in the infantry units. Along with two other classmates, Chong Ho-yong (the commander of the airborne corps known as the Black Beret, later served as a cabinet minister in the Chon government, and presently he is a member of the National Assembly), and Kim Pok-tong (then the Deputy Commander of the fifth Army Corps, and later the president of Korean Mining Promotion Corporation, he is also a brother-in-law of No) they were called "Taegu Quartette."

The differences in opinion between the two men came to the surface on the basic policies of the government and the ruling party as to how to deal with the political situation when the movement calling for a constitutional revision by the opposition politicians and students became intense between the fall of 1986 and the of winter 1987.

Both the opposition parties and students demanded Chon's retirement by February 1988 by sticking to the public pledge he had made, or rather by abiding by the constitution that he himself had made, and direct popular election of the president.

On this question, No Tae-u, who was then as the chairman of the DJP in charge of the operation of the ruling party, consistently took the position of opening a dialogue with the opposition from the very outset and sought a compromise between the ruling and the opposition parties on the type of the election system.

But then the chief of the National Security Planning Agency (old Korean Central Intelligence Agency) Chang Se-tong, who was regarded as another potential successor to Chon advocated a hard line with the support of the hawkish officers in the military, with the commander of the capital defense command Kim Chin-yong and the members of the 15th through 17th classes of the Korean Military Academy as its mainstay, in the background, and this group strongly urged Chon to take tough measures by using the military if necessary to suppress the demonstrations.

In heart, Chon himself leaned toward the urgings of Chang and his company but outwardly made clear his support for No's dialogue line by saying that "if a compromise can be reached between the ruling and the



opposition parties I am ready to go along with revising the constitution during my term." Rather by skillfully manipulating the two potential candidates, No and Chang, to succeed him, he sought a way to prolong his power by putting off constitutional revision and presidential election on the pretext that the Olympics should be successfully hosted.

At this point, the United States represented by the State Department has already taken a position unequivocally that it would support No's dialogue line. In his New York speech on 6 February, Sighur, Assistant Secretary of State for East Asian Affairs, made remarks which were tantamount to interfering in the internal affairs: "President Chon Tu-hwan should step down at the end of his full term, and should not interfere with the operation of the government after he retires," and went on, "as far as the question of the revision of the constitution is concerned, it is absolutely essential to reach a compromise between the ruling and the opposition parties, and the military should never involve itself in politics." Further, on the 9th, three days after the Sighur speech, the American Ambassador to south Korea, Lilley, made almost threatening remarks that "We will definitely reject if President Chon attempts to exert influence continuously after his retirement."

According to information supposedly coming from Washington at the time, in case Chon would adamantly reject its advice, the State Department reportedly had developed a "Marcoization of Chon Tu-hwan" scenario which would force him to share the same fate with Marcos, and had a firm intention to take the following measures: 1. U.S. Congress adopts a resolution denouncing the undemocratic policies of south Korea; 2. By holding a hearing, the U.S. Congress investigates the corruptions of the Chon Tu-hwan family; 3. By exposing Chon's attempts to create a "permanent regime," heighten the anti-Chon public opinion internationally; 4. By dispatching an "election supervision team" consisting of the members of both houses of the Congress, prevent election rigging.

#### CIA and Chon Tu-hwan

America's such intention was directly made known to Chon Tu-hwan during Secretary of State Shultz's Korea visit on 3 March, but such a scenario of Chon bashing had already been put in motion by the United States unilaterally.

The remarks of Sigur and Lilley that have already been cited signify that the exposure of the plot to create a "permanent regime" as mentioned in 3 above was made by the American government officials themselves for the first time. As to the investigation of the illegality and corruption of the Chon family as cited in 2 above, the 15 January 1987 issue of News Day, a New York's daily, reported the scandals involving Chon's wife Yi Sun-cha and her clan and names her the "Second Imelda."

It was followed by the 25 January issue of the WASHINGTON POST which printed a really bold column entitled "Would south Korea become another Philippines?" by Selig Harrison who moved from the post of Seoul correspondent of the Washington Post to the Senior Research Associate's position in the Carnegie Peace Foundation.

In that article, on the Chon Kyong-hwan's Saemaul "scandal," Harrison pointed out: "Despite the fact that the annual budget of the Central Agency of the Saemaul Movement was \$118 million (120 billion won), it was not even once audited by the Auditor's Office."

Corruption was suspected when "Little Chon" lived a life of a big spender by frequenting night clubs each time he came to visit the United States.

Chang Se-tong and other hard-liners were angry at such American criticism, and Chon Tu-hwan, too, became defiant and said, "If the situation warrants, I will exercise extraordinary power as the president." On the advice of Chang, on 13 April, Chon suspended the dialogue with the opposition parties by postponing the debate on the question of constitutional revision for the time being.

Fearing a coup d'etat by Chang in collusion with young officers in support of Chon, elimination of No Tae-u, and destruction of the opposition forces by imposing marshal law, the United States mounted its pressure on the south Korean military not only through diplomatic channels of the State Department but also the U.S. military in Korea, or on the financial community or on the opposition forces through all kinds of channels including the U.S. Central Intelligence Agency.

Right after Shultz's Korea visit in March, the 16 March issue of the TIME magazine reported that rumor is widely circulating among the south Korean students that "a small number of CIA agents who were behind the ouster of Marcos of the Philippines has already entered Seoul to oust Chon Tu-hwan." This was probably true. On the other hand, that report angered the people, and the anti-Chon mass movement reached a new height by absorbing not only the opposition politicians and students but also the religious community, scholars, cultural community, workers and farmers. Under such internal as well as external pressures, president Chon was practically bewildered. Seizing this moment, No Tae-u and his supporter Chung Ho-yong, then the Minister of Home Affairs, succeeded in ousting the head of the National Security and Planning Agency (NSP) Chang Se-tong through a cabinet reshuffle on 26 March.

No, who regained his political hegemony, stood at the firing line of ever escalating mass struggles ranging from the "rally to denounce the torture death of a Seoul National University Student" on 10 June to the "Nation-wide Grand March of Peace" on 24 June, and



successfully calmed the crisis situation by announcing a momentous plan for the settlement of the volatile situation on 29 June through his own decisive move.

If the struggles were further intensified, president Chon would have turned to declaring a marshal law as a last resort, and that would probably have touched off a bloody tragedy. On the other hand, if Chon did not act resolutely, the unhappy military hard-liners could stage a coup d'etat. Such a hair-trigger crisis was averted narrowly at the last minute.

By the success of the 29 June declaration and because of which No is regarded as a hero by some, it might be said that his victory in the presidential elections half a year later was virtually assured.

Up to this point was the first phase of the intense power games between Chon and No.

On the 29 June proposal some in the Japanese media then interpreted that "with Chon's blessing No went ahead and made that proposal" but this is contrary to the fact. According to our sources, president Chon seriously considered calling in the military to put down demonstrations, but he was desuaded by the top leaders of the military including the Army Chief of Staff Pak Hu-to who believed that "it would be a repeat of Kwangju Incident" (5 July issue of the Washington Post). The persuasion of Chong Ho-yong then the Minister of Defense made Pak and others cautious. But the military hard liners on the scene were restless. Starting with the deployment of sixteen tanks of the second tank company under the First Army Corps close to the Han River on 13 June, there were some threatening moves in some military units on the 18th and 26th.

Sigur who flew to Seoul from Washington also did all he could to persuade Chon while keeping in touch with No Tae-u and threatened to take extraordinary measures such as the dismantling of the U.S.-south Korean Joint Command, the suspension of the U.S. military aid to Korea, and the banning of the export of Korean manufactured goods to the United States if American advice went unheeded.

Under such circumstances, No, in consultation with two retired generals Chung Ho-yong and Kim Pok-tong who were from the same native town as his, prepared the 29 June proposal, the main focus of which included a constitutional revision to allow direct popular election of the president and the lifting of detention of Kim Tae-chung, the leader of the opposition, and with the understanding of the Americans, forced the proposal down the throat of Chon Tu-hwan. If the words of No's confidant who came to visit Tokyo is borrowed, No executed a "coup d'etat in office" and shelved Chon a half way. This was what really happened.

#### Ultra C. (Ultimate Contingency Plan?)

The second phase of the power games began from the time of the December presidential election. Probably with a sense of desperation the opposition camp, which failed to come up with a single candidate, instead of focusing on the policy differences, concentrated its attack on No alleging that the ruling party was not forthcoming on the corruption cases surrounding the Chon family and in searching the truth about the Kwangju Incident.

Responding to the charge, No responded: "There is no sacred territory as far as pursuing the cases of corruption and illegal activities." This was not a simple lip service. Reportedly No had a secret contingency plan for reversing the dim prospect for election victory by launching an investigation of the Saemaul scandal just before the election in the event his victory would be in doubt as a result of successful unity of the opposition parties in coming up with a single presidential candidate.

But when his victory was assured by the opposition's failure to unite, and additionally, by the blowing of "Kamikaze" (divine wind) in the form of the bombing terror of the Korean Airline plane by Kim Hyon-hui, Kim's confession was an unexpected break for No, and the Ultra C plan was no longer needed.

Of course, Chon Tu-hwan was aware of No Tae-u's Ultra C plan which was never put into motion and frantically tried to suppress it. As an evidence of it, in the personnel reshuffles of the military leadership, carried out on 28 December last year, without a word of consultation with No, Chon filled the key positions with those hard-liners who supported him.

But another scheme developed by Chon - by holding the general elections before February of this year, that was, while he was still in office, he planned to fill the National Assembly with a large number of his relatives, close associates, and followers under the strength of official endorsement of their candidacy - was stopped by No.

The inaugural ceremony, held on 25 February, at which occasion Prime Minister Takeshita from Japan was also present, was also turned into an occasion of two men's maneuvering behind the facade of pomp and ceremony. According to a source in Seoul: "On the part of No, who tried to project his image as an 'ordinary man,' he wanted a simple ceremony with an audience of at the most 10,000 persons; however, Chon, considering it unfitting in paying tribute to his seven years of accomplishments, demanded that it be made more grandiose. As for this demand, No went along with it and made it a larger ceremony by increasing the size of audience to about 25,000."



But the concession that No made was only on this point alone. Various other demands made by Chon's close associates to the inaugural ceremony preparation committee, which included, for example, giving more close-up television picture coverage of Chon and his wife by creating their seatings on a platform one meter higher than the seatings for the incoming president and his wife, intermittently showing the documentary film reminiscing about the achievements made by the Chon regime during the televising of the ceremony, in short, all the things that they could think of to help the viewers familiarize with Chon's dominant future role as an elderstatesman, were reportedly turned down by No.

Some even commented that such an idea of making the most out of the television photo opportunity presented at the inaugural ceremony might very well have come from the tip given by the former Prime Minister Nakasone who visited Seoul and conferred with Chon Tu-hwan two weeks earlier.

Since Nakasone, who for the first time introduced American style "television politics" into Japan, is an expert in that area, the account could very well be true. Burned by Prime Minister Takeshita's very clever blockade tactics, for example, the "Institute for the Study of the Peace Strategy" with Nakasone as its president which was created as a condition for turning the power over to Takeshita has run into a fund problem due to Takeshita's indifference, perhaps, Nakasone might very well have tried to come back through forming a "Japan-south Korean Elderstatesmen's Alliance" by joining with Chon who would go into the same position.

### The Secret Feud Continued

In early March, Chon reorganized and strengthened the Advisory Council of the National Elderstatesmen which he would chair and attempted to amend the law to make it a base for exerting his power and influence. The council used to be merely an asylum for the aged like ceremonial organization with a staff of only four persons, but Chon tried to build it up as another "Blue House" by creating posts of Secretary-General of cabinet ministerial rank, Deputy Secretary General of vice-ministerial rank, even a chief secretary who were to assist its chairman, and by expanding the size of its staff twelve-fold and making it 48 persons.

The criticism from the mass media and the opposition that "Chon Tu-hwan is trying to create a super ruler's office above the president" might probably be justified. President No did not reject Chon's intention outright and pretended outwardly that he went along with Chon but behind the scene he buried it with the help of news media by leading Chon's scheme to them.

On the question of the selection of the candidates who would receive official endorsement of the ruling party for the April general elections, and this was another aspect of Chon-No maneuverings, No stuck through his

firm position. From the list of those officially endorsed candidates in the regional electoral districts which was released on 18 March, "the Assembly men Kwon Ik-hyon, Kwon Chong-tal, and brother-in-law of former president Chon and Assembly man Kim Sang-ku were dropped in an attempt to water down the image of the Fifth Republic (Chon regime) while avoiding direct confrontation with the former president Chon as much as possible." (24 March issue of CHOSON ILBO.)

The two Kwons were both powerful Chon's close associates. The former was ex-chairman of the ruling party (comparable to Vice President of the party) and the latter served as the first Secretary-General of the party. Kim, the husband of Chon's wife's sister, was considered to be a diplomatic professional, served as ambassador to Australia, and subsequently became an Assembly member. As I will describe later, this is the man who is suspected of being an accomplice in illegally removing the assets of the Chon family to Australia.

On the other hand, in contrast with the names cited above, former senior secretary to the president Ho Sam-su, who once was an immediate subordinate of Chon in the military, has turned into a brain trust of No, Minister of the First Political Affairs Kim Yun-hwan who was a classmate of No at the Kyongbuk High School, and the former Defense Minister Chung Ho-yong who has often surfaced recently were, of course, all received the party's official endorsement.

At the end of over a year long intense maneuverings, the door to the third phase of two men's power games was suddenly flung open as if they have timed it for the end of March just before the general elections. It was the disclosure of "Saemaul scandals."

### Urgent Japan Visit

Chon Kyong-hwan, the man in focus, was born in Kyong-sang South Province in 1939. Following a study at a Judo College he joined the army but without any notable military service record, retired from the service with the rank of lieutenant colonel in 1968. At one time, he worked as a bodyguard to the eldest son of the late Yi Pyong-chul, chairman of Samsung Financial Combine. In 1972, he studied in the United States as a judo instructor. Upon his return to Korea, he worked in the office of presidential protection in the Park government.

To put it simply, he was a physical type with skill only in judo. But unexpectedly good fortune befell upon him - his brother became the president.

Excited, he wanted to join the National Assembly but Ho Sam-su, and other close associate of the president at the time opposed strongly on the reason that making the president's brother an Assembly member merely for the



reason of being the brother of the president would hurt the image of the new regime, and instead he was placed in the Central Agency of the Saemaul Movement as Secretary-General.

In view of his experiences, even this job was undoubtedly too big for him but with the power of his brother behind him he quickly rose to take over the directorship of the Central Agency of the Saemaul Movement two years later. He also concurrently held the presidency of the Saemaul Newspaper Co. and the Directorship of Social Athletic Department of the Korean Athletic Association. Firmly surrounded by his relatives and friends he enjoyed glory and prosperity as "little President" by which title he was called.

The first small crack developed in August 1986. Through a murder case connected with a gang war at a night club in Seoul it came to light that one faction of the gangsters received a sweet favor in a land fill project from the Saemaul Central Agency. Consequently, Chon Kyong-hwan resigned the directorship of the organization and stayed on as its honorary director.

Chon Tu-hwan was certainly fully aware that his trouble-making brother could be a potentially fatal liability in pushing his strategy for becoming an elderstatesman.

According to a rumor circulated in Seoul, one day near the end of his tenure, Chon Tu-hwan, who probably was unable to fall asleep worrying about the situation, abruptly called on No Tae-u at his residence in the middle of the night without being accompanied by his body guards and talked for nearly four hours asking the incoming president to contain the scandals involving the Chon family starting with his brother and himself included so that the story would not leak out.

Upon hearing the story, Chon Kyong-hwan gathered his loyal key officers of the Saemaul Central Agency at a restaurant at Myongdong and told them in very despirited tones that he "might be out of the country for three or four years if it becomes necessary."

But the reason why he did not make that decisive move was probably that he could not give up the hope that his brother would surely be able to protect him by consolidating his position as an elderstatesman. On the part of the elder brother, he had to become an elderstatesman at any cost in order to protect the honor of his brother and his entire family; however, his brother's corruption would become a footchain in carrying out the strategy for achieving an elderstatesmanship. The elder brother, who had not much room to maneuver, announced the scaling down of the size of Central Agency of the Saemaul Movement and dismissal of its 29 officials toward the end of his tenure.

But the main figure Chon Kyong-hwan was not included in the list of those fired. The public could not be deceived by such a clever measure. The brothers' "lingering fear" brought about the present result.

As indicated by the Choson Daily as has been cited earlier, it might be true that "No considered distancing himself from Chon while avoiding a direct power struggle with the former president, Chon."

No matter how clear the fact of the corruption case may be, if the predecessor's family is chained in less than a month after the peaceful transfer of power which came about for the first time at great pains, it would not be any different from a coup d'etat. It would be contrary to the image of a moderate man of common sense that No wishes to project both domestically and internationally, and if such things become a habit he would be uncertain what kind of fate would await him when he steps down from the presidency.

But, the CHOSON DAILY wrote: "By the trend of the public opinion and Chon Kyong-hwan's unexpected exit from the country, No was faced with a situation where he had to change his political time table."

It was not clear why Chon Kyong-hwan secretly slipped out of the country, checked into the Japan Air Line Hotel in Osaka, and spent three days there. But the mass media caught up with him and reported it including wild speculation that "he might go to Taiwan after taking care of the hidden assets in Japan." Thereupon, the No government was compelled to take action. Upon informing Chon Tu-hwan that "Chon Kyong-hwan's summon is imperative" by Minister Kim of the First Political Affairs on the following day, which was the 19th, Chon Kyong-hwan who was in Osaka was persuaded to return to the country.

As March rolled on newspapers exposed his scandals almost daily, and magazines joined in and wrote about the case under such headlines as "seven-year long power abuse by Chon Kyong-hwan" (April issue of "MONTHLY CHUNGANG") or "seven major scandals of the Central Agency of Saemaul Movement" (April issue of "SHIN TONG-A"). Because of this, ordinary nerve could not endure.

But, there was an indication that Chon Kyong-hwan had a strong tie with Japanese gangsters. Some even view that the Japan-Korean underground empire including Chon's tie with the Japanese gangsters was very real. If this was the case, it was entirely possible that it was absolutely necessary for him to do something to conceal not only the assets but also the fatal evidences.

Further, was it possible that the No government really did not intend to go to the extent of arresting Chon Kyong-hwan and that it did not know Chon's secret exit from the country until the mass media started to make a great fuss about the case? It might have been that



although No himself was not particularly keen about going that far but those within the government who were resentful or angry at the Chon family exposed the situation through skillful use of mass media. Also, it might have been possible that the No government was from the very outset schemed everything while the entire government including No was silent about it.

The hidden stories surrounding the opening of the drama may leak out and become clear.

### Preparing for Exile

Now, Chon Kyong-hwan was under direct suspicion of embezzling public funds amounting to 7.7 billion won from the Central Agency of the Saemaul movement. Implicated in the case, a number of people who were connected with the Saemaul Central Agency were arrested. Among them were two brothers-in-law of Chon Kyong-hwan. Hwang Hung-sik, husband of Son Chun-chi, sister of Chon Kyong-hwan's wife, was former chief of the general affairs department of the Saemaul Newspaper Co., and he was suspected of having been the main figure in handling the shady money. Kim Sung-ung, Son's other sister's husband and the former director of Chong Song Institute, a social welfare facility.

Hwang was suspected of having purchased an apartment in Seoul with the money amounting to 76 million won that he stole from the profits of the newspaper company, and this was only one that the prosecution had established a solid case by the time of his arrest but, he was actually suspected of having been deeply involved in the whole range of the scandal as the man who was in charge of the secret accounts of Chon Kyong-hwan.

Otherwise, he could not have been jailed by taking him from his bed following two suicide attempts in the morning of his arrest on 29 March.

Also Kim Sung-ung was arrested in connection with obtaining illegal profits by selling the unlawfully created land by filling the sea along the sea coast when a training institute was constructed on Yongjong Island off Incheon by the Saemaul Central Agency. Separately, he was suspected of having engaged in illegal activities by using the social welfare facility, Chong Song Institute, where he served as a director in collusion with Chon Kyong-hwan's wife who was the creator and the chairwoman of the board of directors of the Institute.

The scandals cited above are merely a tip of an iceberg. Even though it is not clear on what basis Kim Tae-chung cites the amount of over 790 billion won, the amount of the public funds Chon embezzled alone might very well reach several tens of billion won, and if other profiteering activities through the use of the embezzled funds such as the earning from real estate investments, other financial manipulations, kickbacks from other sources, land transfers and leasings, auctioning off of national lands, arranging easy ways to make payments to the

public organizations, acting as go-between in foreign trading, and intervening in business cases, the figure might very well reach thousands of billions of won.

The prosecution, which have already taken control of the secret account books of the Saemaul Central Agency and the secret account under the name of Chon Kyong-hwan, are charged with the task of coming up with the details, which would be unravelled as the trial, which is scheduled to begin in June, progresses. But some of the details of the case known so far through the overheated reporting war by the news media are: the whereabouts of the money in the amount of 48 billion won government subsidy to the Saemaul Central Agency since the reorganization of the Saemaul movement by the Chon government in 1981, and 32.4 billion won of coerced contributions which was raised as quasi-taxes from businesses; the whereabouts of the interest incomes of 11 billion won from the Saemaul fund which was established by the contributions from the people; theft of 470 million won by Chon Kyong-hwan and company from the funds which were earmarked for the training of the Saemaul leaders abroad; the illegal profits derived from reclaiming 8.8 million pyong (a pyong equals 3.954 sq. yards) of sea along the coast without permission during the development of Yongjong Island; and the illegal profits derived from the development of 740,000 pyong of the national land in the same island after taking it on a lease without compensation; the misappropriation of the portion of the money derived from the forced sale of the publications such as the Saemaul Newspaper to the government which paid for them from the fund of the Ministry of Home Affairs earmarked for the purchase of real estates; the use of the public fund of the Saemaul for the pre-election campaign expenses for distributing sets of encyclopedias to the local constituents as gifts as Chon Kyong-hwan was determined to run for the National Assembly in this year's general elections; the embezzlement of a total of 800 million won derived from the difference of fees between the rate that night concession shops had been originally promised to pay, which was 5 percent, and what they were actually made to pay, which was 12 percent, and these night concession shops were allowed to operate during the activities sponsored by the Saemaul Central Agency in various areas; and the misappropriation of 350 million won from the fund allocated for the "Saemaul Early Morning Soccer Society."

There are many more examples even if these are confined to the cases involving the Saemaul Central Agency. Beyond the cases involving the Saemaul Central Agency, the following examples have been reported: the whereabouts of 2 billion won of the athletic promotion fund allocated by the government for the Korean Athletic Association which was dominated by Chon Kyong-hwan who is also a judo player; and the misappropriation of the contributions amounting to 50 million won which was supposed to be used for the construction of a dormitory for the young people who would receive sea training by converting an old ship, but the plan was subsequently scrapped.



### Secret Assets in New York

Suspicion of having taken out 50 million won from the Overseas Development Corporation, which was a public organization for overseas investments, to be used for their overseas travel expenses or to entertain guests from abroad.

Suspicion of receiving commissions from foreign businessmen for his efforts to increase the number of foreign cattle to be imported by the Ministry of Agriculture, Forestry, and Fishery in 1984 from the originally planned 50,000 heads to 70,000.

Suspicion of putting pressure on the Credit Guarantee Fund through the Ministry of Finance to purchase a building owned by his relative, who was selling it to the fund with several billion won higher than the market price.

Etc., etc.

But the problem was that a good portion of the shady money he accumulated recklessly was believed to have been invested or hidden overseas, but it would be extremely difficult to go to the bottom of the scandal. Meanwhile, some of the scandals reported by the sources of the Korean Communities in the United States include: Kwon Chong-tal, a Korean businessman living in the United States, went over to the United States about ten years ago, and until about 5 years ago, he operated a corner vegetable stand in New York City, but he was able to associate with the Chon family through his relative Kwon Chong-tal, former Secretary-General of the DJP and frequently travelled to and from Seoul.

Last year, Kwon purchased the 35-story Stanford Hotel, located in the 32nd and West 39th Streets in Manhattan for 5.5 million. This was viewed that he might have helped Chon Kyong-hwan as his dummy to hide Chon's assets. Two men, No Chin-taek who operated a food company in New York City, and Kim Chin-ho who imported flowers in New York were both collaborators in helping Chon Kyong-hwan conceal his assets, and they were named in the statement of reasons of Chon's arrest warrant.

The NEW YORK TIMES of 5 October last year reported that in the Trump Park, a super luxury mansion in the city, "a certain Asian president bought four floors with 21 rooms for his children and bodyguards. The man who was directly involved in the purchase spoke Korean." It became a big story suspecting that Chon Tu-hwan was preparing an exile.

The trading company was a subsidiary of Japan's major industry which had strong ties with Korea, and the middle man who was said to have spoken Korean was strongly suspected to be John Kim who operated a firm called "Super Tech" in Los Angeles.

Kim's wife was one year senior to Yi Sun-cha at the Kyong-gi Girls' High School. Using this relationship, he amassed a fortune in selling computers for military use to south Korea, and with the profits deriving from the sale, he reportedly has purchased 29 pieces of real estates throughout the United States.

One more thing that has begun to attract attention was Australia.

According to the report last summer from the Australian journalists with whom we were in communication and who conducted their own investigations, a man by the name of Alan Pond, on behalf of the Chon family, has been very active in engaging in investment activities such as buying real estates in Perth in Western Australia, buying up a major hotel chain White Rock Company and a Beer brewery Swan Company.

When Kim Sang-ku, who married the sister of Hi Sun-cha, served as Korean ambassador to Australia, Pond gained his prominence in business dealings with south Korea and served as general agent of Hyundai Automobiles in his country. Chon Kyong-hwan and his son Chon Chae-kuk were reportedly frequent guests at Pond's place.

Also, the president of the Korean Association in Australia Cho Ki-to was a classmate of Chon Tu-hwan at Taegu Technical High School. On the basis of such a relationship there was a speculation that "if Chon has to go into exile it would be Australia rather than the United States."

Incidentally, I may add that such information was swiftly reported by the "Insider," the information journal that I control and by its sister journal "Korea Report" in its last August or September issue. About a month later inquiries started to come one after another about the "Insider" from the Korean businesses in Japan and the people in Seoul.

It was later learned by the report of the TONG-A ILBO that through what channel our articles reached south Korea. The anti-government student group printed a large quantity of fliers attacking the ruling party, and scattered them in the streets. It read: "According to the 'Insider' published in Japan, Chon Tu-hwan is preparing to go into exile in Australia."

Recently, Kim Tae-chung and those close to him have vigorously indicated that Australia would be the problem, and as far as the newspaper reports in Korea were concerned, the prosecution has included the case involving the illegal transfer of Chon family assets to Australia in its targets of investigations. There is a strong suspicion that all of these have perhaps started with our reports. It was an episode that reminded once more of a saying, "Information transcends national boundaries."



It is beyond prediction how far the Korean prosecution would go to uncover the entire extent of the corruptions involving Chon Tu-hwan clan which are extended internationally.

Just as Tanaka Kakuei, who was arrested for the sum of 500 million yen, which could be presently just about the level of amount that could be squeezed out by a powerful politician in not just one night but in a week of illegal transactions of stocks or exchanges, served as an outlet of common people's frustration, there is a strong possibility that the government would hastily make Chon Kyong-hwan the villain with a clearly indictable case and close the book on the related cases.

But there has already been an indication that the case may not be settled if the villain is Chon Kyong-hwan alone. Although the Chon family may be guilty, actually it is an entanglement on the part of Chon's wife's Yi clan.

#### Loan Swindle

Chon Tu-hwan's wife Yi Sun-cha is the daughter of Yi Kyu-tong who was the chief of staff of the Korean Military Academy when Chon was a cadet of the Academy. This Yi clan was the one which created the biggest scandal during the Chon regime. It was the large-scale bill swindle case involving 260 billion won which came to light in May 1982.

#### Chang Yung-cha's Bill Swindle Case

Yi Kyu-kwang, one of the brothers of Yi Kyu-tong, the father of Yi Sun-cha, came to hold the presidency of the Korean Mining Promotion Corporation when Chon came to power. His wife's sister was Chang Yong-cha whose husband was Yi Chol-hui, who once served as the Deputy Director of the Korean Intelligence Agency.

The scheme developed by these three, Yi Hyu-kwang, Chang Yong-cha, and her husband, was the case of false loan and bill swindle in the magnitude of 260 billion won or 86 billion yen at the yen exchange rate at that time.

They offered loans in incredibly attractive terms to the businesses which were hard up with turnover capitals and stole the money resulting from discounting the bills that they took in as security for the loan without permission in the private bond market or in the commercial bank. This trio was arrested; however, the scandal involving a portion of the fund that they swindled, and which was believed to have flowed into the coffer of the DJP as its secret fund, was closed without clarification.

#### Tax Evasion Case of Myong Song Group

In August of the following year, a tax evasion case involving 12 billion won by the Myongsong Group, whose president was Yi Sun-cha's sister's husband, was disclosed. Before Chon came to power, it had been a small travel agency but with presidential power and

influence behind it, it grew rapidly by raising funds through pressure tactics, and ventured into a golf course operation and condominium construction business. Its growth resulted in an arrest of a cabinet officer who took bribes in return for help in the expansion of the business, but, here again, its relationship with Yi Sun-cha was hushed up.

Yi Kyu-tong, who had earlier escaped the probe despite a suspicion that he was the man behind the Chang Yung-cha case, was again this time named as the secret owner of the Myongsong Group, and under the pressure, however, he had to step down instead from the presidency of the Korean Senior Citizens Association.

#### Greenbelt Case

In 1984 a land sublease case in which Yi Sun-cha was believed to have been directly implicated came to surface. According to the report of the 14 June last year issue of the "Sin-han Min-po", a paper published by the Koreans residing in the United States, Yi Sun-cha had purchased 1.4 million pyong of land, the development of which was restricted as the area was designated as "greenbelt" in metropolitan Seoul during the Park regime, but as soon as her husband came to power, she had the restriction lifted and made enormous fortune by selling the land.

Besides, including such small favors as making a private firm headed by a woman who was her friend a sole supplier of tear-gas to the government to be used to suppress demonstrations, or making her brother to set up a traffic signal lights manufacturing company and offered him an advantage in supplying the products to the Ministry of Transportation, Yi Sun-cha behaved like "another Imelda" and everybody knows about it.

For these reasons, when the current case broke open, the news media have been watching as an indicator for surmising the magnitude of the case, whether or not the probe would be extended to the father of Yi Sun-cha and father-in-law of Chon Tu-hwan, Yi Kyu-tong, who had twice previously escaped the trouble.

But, on 21 April, newspapers in Korea all reported a new scandal involving the government which was allegedly went out of its normal way and accorded special favors to the farm that was owned by Yi Kyu-tong in Kyonggi Province.

For example, the favors included the county government's providing 200,000 pine seedlings free of charge for three years beginning in 1984 to Yi's farm, and Yi sold later these pine trees to the city of Seoul for its street trees and amassed a fortune amounting to 400 million won.



If the Saemaul Central Agency is involved in this case, even Yi could be certainly handcuffed. Then, even if No Tae-u had a policy to spare Chon Tu-hwan and his wife of probe, it would be very uncomfortable for these couple to remain in the country.

In other words, if his brother is the only person implicated in the scandal Chon could come up with an excuse that "my supervision did not reach him," but if the scandal extends even to his father-in-law, he would not be able to get away with it so easily. It would mean a severe shock for him tantamount to being "recommended an exile" by No.

Here again, there is no conclusive evidence to determine at this time whether the all out reporting on the Yi Kyu-tong's farm scandal by the news media is the case of mass media's preemptive reporting or it is a carefully calculated information strategy on the part of the No regime.

But, No Tae-u as a soldier is known to be above all a professional in intelligence and psychological warfare. Chon Tu-hwan, who knows No Tae-u's true ability and his cool character behind the facade of an "ordinary person" better than anybody else, must be haunted night and day by the nightmare of the demise of his clan which is closing in.

#### Historical Appraisal of Chon

Further, it is possible that No Tae-u's help is again coming from across the Pacific.

America's mass media, Congress, and the State Department take the view that such process reflects the first test which determines the degree of self-cleaning ability toward a firm establishment of political democracy in south Korea. If Chon and the military hardliners, who are seeking an opportunity to return to power from behind the scene, show any sign of attempting it, the United States might turn over the data on the Chon family's assets in the United States, which should have already completed its investigations of the assets, to the No regime—perhaps the data might have already reached Seoul—and put pressure on Chon Tu-hwan. Moreover, if we go back to the past, there were a number of scandals involving the U.S.-south Korean relations, and these could be dug up.

#### Rice Scandal

By bribing the Korean government officials Pacific International Company in the United States exported American rice to Korea at a higher than market price. This happened in 1981, but two years later, it came to light when the Rice Growers Association in California brought a suit in which it identified the Korean government officials to be Chon Kyong-hwan and his nephew Chon Tu-hwan.

In 1981, Chon Tu-hwan was the president of the Central Council of the Korean Food Grain Association, but by the time the suit was brought he had already been disgraced by his arrest on a swindle case in the same year. This was probably the reason that this case ended in smoke.

#### Arms Import Scandal

At the public hearing of the U.S. House of Representatives on the relationship between the Americas munitions industry and the foreign governments, held on 2 October 1985, it came to light that five American companies including General Electric company had been paying large sums of money as commissions to "Puyong Company" which was operated by a retired south Korean Major General. It was revealed that Chon Tu-hwan and his wife invested in the Puyong Company.

#### American Tobacco Import Case

As a lobbyist for the major American tobacco company, Philip Morris company, former Deputy Chief of Staff to the American President, Michael Deaver, used Chon Kyong-hwan to have the ban on the foreign tobacco imports to Korea lifted. In 1986, the Korean opposition parties made issue of this scandal.

#### Ilhae Foundation Scandal

Further, in addition to the questionable method of raising funds from the big businesses, the Ilhae Foundation and the Ilhae Institute, which were established in 1985 to be the base of activities of Chon Tu-hwan after his retirement, were believed to have played a role as a conduit for Chon in participating in the American efforts when American secret operations groups were soliciting help for the Nicaragua's freedom fighters from anti-communist leaders throughout the world in the Iran-Contra case.

If any one of these U.S.-south Korean scandals is earnestly probed, it would be a big shock to the Chon family.

Now, whither the scandals of the Chon Tu-hwan family?

As has been repeatedly described, I can only guess how far No Tae-u himself would go to cut upon the case. But, to demonstrate that the words of his inaugural speech, "Only democracy would make people participate freely and lead us to the society where human beings would be able to live a life worthy of human beings," are not empty rhetoric, he cannot just back down.

By the time this article is published, the outcome of the general elections would have become clear. If it would be the landslide victory for the ruling party, No, without laying a hand on Chon Tu-hwan and his wife, would



slowly but steadily assail their immediate relatives, and in so doing, he would pressure Chon to choose either settling down in the countryside or leaving the country.

In reverse, if the election results would be close and the political situation becomes unstable, No, out of necessity for meeting the challenge from the oppositions, would be compelled to pursue the scandals thoroughly including Chon himself.

One thing to be taken into consideration here is the eighth anniversary of the Kwangju Incident on 18 May. The probe of the truth of this incident in which for the first time the south Korean troops opened fire on their own people and killed thousands was one of the central pledges made by No, and therefore, he cannot abandon it at a half a way. But if he tries to clarify the incident to the people's satisfaction he would not be able to avoid questioning the responsibility of the "main culprit" Chon Tu-hwan.

If he does that, the people's fury on the corruption scandals coupled with their resentment for the Kwangju Incident could drive Chon into a tight corner beyond the calculation of No. In that event what would be the move of the military in which there is still considerable residue of Chun's influence whereas No's prestige has not extended as far in the military.

Chon Tu-hwan certainly became the first president to stay alive and left the Blue House with his own feet; however, at the same time, he was the first president to yield many of his followers and relatives to be arrested one after another, as soon as he stepped down from the presidency.

How the history would treat him would be largely decided within the next few months.

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### **National Assembly Passes Assembly Law Revision**

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1110 GMT 13 Jun 88

[Text] Seoul, June 13 (YONHAP)—The national assembly passed on Monday a revision of the national assembly law calling for restoration of the assembly's right to investigate state affairs, introducing a hearing system, and permitting television coverage of assembly sessions.

Passage of the assembly law revision, which has been a major bone of contention between the ruling and opposition parties, is likely to result in the assembly's normalized operation this week.

The ruling and opposition parties have confronted each other sharply on some aspects of the assembly law's revision, including the parliamentary right to look into state affairs.

Meanwhile, the rival parties still hold different views on organizing special assembly committees to probe alleged corruption during the fifth republic of former President Chon Tu-hwan and allocating chairmanships of the assembly's standing committees among the parties.

Floor leaders of the four major parties agreed tentatively to set up a special house panel on unification policy until Korea is reunited instead of organizing the panel as a standing committee.

The ad hoc committee on unification will handle a number of issues including public hearings to collect opinions from all sectors of society on unification, as well as inter-Korean dialogue and exchanges between the two Koreas, separate from the assembly's standing committees on foreign affairs and unification.

The floor leaders also discussed the allotment of standing committee chairmanships. They agreed in principle to allow the ruling democratic justice party to head six standing committees—steering, legislation, home affairs, finance, foreign affairs, unification and national defense.

They were unable, however, to reach agreement on which party will hold the chairmanships of the agricultural and fisheries committee and the construction committee.

The ruling party insisted that it should head the agriculture-fisheries committee while the no. 1 opposition Party for Peace and Democracy (PPD) and the no. 2 opposition Reunification Democratic Party (RDP) claimed that they should head the committee.

In a separate meeting, vice floor leaders of the four parties discussed the assembly's future timetable but failed to agree to a compromise schedule as the opposition floor whips demanded the early establishment of seven special committees, including those to probe alleged irregularities during the administration of former President Chon Tu-hwan as well as other issues.

The vice floor leaders agreed to discuss the assembly's schedule on Wednesday.

The DJP also suggested that plenary sessions and negotiations for the establishment of the special committees both begin on Thursday.

The opposition parties insisted that establishment of the special bodies be settled before the assembly begins its ordinary agenda such as the prime minister's report on government administration.



Meanwhile, the special assembly is expected to be faced with harsh disputes over the aborted June 10 inter-Korean student talks.

The DJP plans to hold a meeting among DJP chairman Yun Kil-chung and presidents of the three opposition parties at an early date to resolve political issues.

The opposition camp, especially the PPD, plans to step up its offensives against the government, demanding that the government apologize for blocking the talks and guarantee the exchange of students between the two Koreas.

Police blocked an attempt by radical students to march to the truce village of Panmunjom to hold talks with north Korean students.

Political observers say the proposed four-way meeting is likely to be held between Thursday and Saturday considering that rival parties share the view that unification debates should take place in the national assembly rather than in the streets.

### **New National Assembly Laws Compared With Old Laws**

41070079 Seoul TONG-A ILBO in Korean  
13 Jun 88 p 3

[Article by Kim Chang-hui: "Checks and Balance" Legislature Declares Autonomy": "New National Assembly Laws, How Will National Assembly be Run?": "New Establishment of Hearing Sessions Aims at Power-Related Irrationality": "Standing Committees Operate in One Question - One Answer Style for Sincere Answers": "Live TV Broadcasting Stations Will Use"]

[Text] The image of Assembly administration and the picture of the 13th National Assembly seem to have changed considerably through a complete breakthrough in negotiations on the National Assembly laws.

The negative features of the National Assembly which have been seen in the eyes of the people as the "tyranny of the majority," and the consequent "series of unfairness" seem to have improved to a positive outlook with an "independent volition."

This is because the ruling party cannot expect any tyranny at all because of its inferiority in number of seats. The opposition parties now have a channel through which they can pursue their intentions even without driving the situation to extreme confrontation.

In this sense, it is no exaggeration to say that this National Assembly laws revision process was a sort of "declaration of the legislative body's autonomy," even though it carried a feature of "negotiation" in its appearance which 1) systematically established the political picture of the "opposition parties' superiority" revealed in the April 26th general election, 2) and returned the

role of "checks and balance of the executive" to the National Assembly which used to legalize unilaterally the wills of the government party.

The future changes in the National Assembly can be summarized as two broad trends of "democratization of National Assembly management" and "activation of the efficiencies of the National Assembly." The former is revealed in the reduction of the much expanded power of the speaker of the National Assembly, while the latter point became possible by various measures like the establishment of the hearing system, operation of the standing committees' question-and-answer sessions in the one question-one answer style, and permitting live TV broadcasting of the National Assembly session.

We will examine the changing features of the future National Assembly.

### **TV Broadcasting**

TV broadcasting of the scenes of National Assembly sessions is certainly the biggest visible change from the general public's point of view. Now people can watch the actual scenes of the Assembly hall from their own living rooms.

The old National Assembly Laws stipulated that, "activities of recording, video-filming, photographing, or broadcasting in the Assembly halls are prohibited without the permission of the Assembly Speaker or chairmen of the standing committees." The new laws completely revised this section stipulating that broadcasting is permitted in principle except "when it is prohibited by resolution." It emphatically stipulates that the National Assembly must provide facilities to enable broadcasting of sessions in a comprehensive manner.

Consequently, it seems that each broadcasting station will broadcast Assembly sessions whenever it thinks the sessions discuss issues of concern to the people, based on the broadcasters' judgement independent of the Assembly's value.

People in the field, however, explain that they can broadcast entire daytime sessions live during the day without any problems, but, for the evening sessions, they have to videotape the sessions, and edited, "highlight" style will be broadcasted in the evening, because of the regularly scheduled popular evening programs.

"Myths" which people could read only in "printed" form will fly out in the hearings of the special ad-hoc committees on the Kwangju Incident, and other criminal wrongdoings of the 5th Republic. The hearings will be organized in the near future. People are interested in seeing how much of these each broadcasting station, who are also undergoing their own changes, can handle the hearing sessions. It is also true that some people point



out that TV broadcasting can lower the quality of the sessions unintentionally because it will stimulate sensational statements from the Assemblymen.

This phenomena may appear at the beginning, but, in the long run, the broadcasting will ultimately 1) raise the degree of people's concern about politics, 2) naturally establish an image of "studying Assemblyman", and 3) reduce vulgar statements in the assembly.

#### **Establishment of Hearings**

It was not impossible to have an actual hearing under the old National Assembly laws or the Witness Evaluation law.

Nevertheless, the revised National Assembly laws stipulate, "the Assembly can hold a hearing when it is necessary to examine important matters, including inspecting or investigating the government offices in order to gather evidence after hearing the statements or testimony of a witness, expert witness, or witnesses."

These hearings, most of which seem likely to be held in connection with the investigation of the government offices, will probably be used for investigation of political incidents such as power-related irrationalities that the government authorities would like to skip.

These hearings are interpreted as a sort of inquiry which can hear testimony from the people involved in incidents, which attract society's concern. They will differ from public hearings in which the advice of experts or people involved can be gathered to inspect important matters.

Even under the existing Witness Evaluation Law, a witness can be persecuted by imprisonment or fines when he or she "does not obey the subpoena without any understandable reason, or gives false testimony."

It is inevitable that the arbitrary exercise of power by the executive will be reduced considerably when this system is administered properly.

However, a serious debate is expected between the ruling party and opposition parties in the process of promulgation and revision of the government office Inspection and Investigation Law and the Witness Evaluation Law. The debate will center around the limits of "government official's or former government official's refusal to accept a subpoena for testimony when it is necessary for the security and well-being of the country."

For example, it is very hard to stipulate indiscriminately among matters considered "secrets in execution of official duties" which are difficult to reveal because of the well-being of security of the country in the case of matters handled by the National Security Planning Agency or the Ministry of Defense.

#### **One Question-One Answer Style Standing Committee Meeting**

The new National Assembly Laws stipulate that the question-and-answer sessions in standing committee meetings will be run in the one question-one answer style.

The standing committee meetings have been run with the minister or vice minister from the government side answering indiscriminately after gathering 3 or 4 questions from both ruling and opposition party assemblymen. In this process, the minister or vice minister usually read in a machine-gun style from an answer sheet written by low-ranking officials which skillfully evades the points at issue. Moreover, more than a few assemblymen often left the meeting after finishing questions for the stenographic record.

It is now possible to block "snake-crossing-the-wall" style answers from the government side, if Assemblymen have expert information and well-prepared background knowledge. The full utilization of this system will thus depend entirely on the efforts of each individual assemblyman.

#### **Reduction of the Power of Assembly Speaker**

In the negotiation, the opposition parties made efforts to eliminate or reduce to a considerable extent the power of the Assembly Speaker. The opposition sought to establish a democratic Assembly administration, instead of the previous authoritarian and standardized practice. The power that the Assembly Speaker can exercise individually was mostly inserted in the old National Assembly Laws in the 15th revision in February 1973 just after the Yushin Reforms, and they were cited as poisonous, regardless of their actual employment.

This revision emphatically made the exercise of powers such as 1) changes of Assembly session's agenda, 2) striking of the stenographic record, 3) decisions on closed sessions, 4) putting limits on the committee's period of inspection of a matter, 5) cabinet member's answering by proxy, 6) holding a committee meeting during the main session of the National Assembly, and 7) appointment of the General Secretary of the National Assembly, all of which can be used to control the National Assembly firmly, if the chairman of the government party so intends contingent on agreement among floor leaders of both government and opposition parties.

In addition, powers like 1) the power to order striking of statements and stoppage of microphone or shorthand in accordance with the power for maintaining order, or 2) the power to bring the issue of dissolution of a committee to the main session are all completely eliminated.

Moreover, the general public can now view the entire stenographed minutes of an Assembly session, without the important stricken part marked only morse-code-like (—) marks which were used up to now. Under the new law, elimination of remarks is only possible after consultations between the assembly speaker and the assemblyman speaking on the floor of the Assemblyman's party.



Comparison of the Major Issues of Old and New National Assembly Laws

Issues	Revised Law	Existing Law
Statements of committee members	Eliminates the power of the committee chairman to limit numbers of speakers and length of speeches. One question-one answer style operation of committee meetings.	If necessary, committee chairman limits the number of speakers and length of speeches.
Hearing sessions	Hold hearings to take witnesses' statements and to take the evidence from expert witnesses when it is necessary for examination of the important issues.	None
Schedule of opening of main session	Decide autonomously either by resolution of main session or by consultation between chairman and each interested committee.	Open the main session at 2 p.m. Chairman is able to change this if necessary.
Authority to close the session to the public	Decide by resolution of the main session or by consultation between chairman and the representatives of each interested committee.	Either by resolution of the main session or by the official power of the chairman.
Prohibition of statements on non-agenda issues	Eliminates the article which prohibits the reading of newspapers, magazines, other publications, or miscellaneous documents, with intention of filibustering.	Prohibition of reading of newspapers, magazines, other publications, or misc. documents for filibustering.
Limitations on length of statement	30 minutes for each Assemblyman's statement. Eliminates the stipulation on limits of 10 minutes on statements supplementary to questions, proceedings of agenda, or one's situation.	20 minutes for each statement.
Distribution of session's minutes	If necessary, eliminates statements from the main session minutes only after consultation with the speaker or representative of the interested committee to which the speaker belongs. Permits Assemblymen to view and copy the stricken part of the original minutes. Prohibits the circulation of the stricken part of the minutes.	Eliminated sections that the session decides as classified information or sections that the chairman declared classified for national security, and sections struck by the chairman from main session minutes.
National Administration inspection and investigation	Recognizes the authority of the National Assembly to inspect and investigate national administration.	Recognized only the authority for national administration investigation proposed of more than 30 Assemblymen.
Guard and police officer	Guards escort inside the Assembly hall, while police officers guard outside of the building.	Guards escorted inside the Assembly hall (including audience), while police officers convey outside of the hall.
Preservation of order during the session	Eliminates the article that endowed the Assembly Chairman or committee chairman with power to stop microphone or shorthand recording, and cancellation of statements.	Endowed Assembly Chairman or committee chairman with the power to warn, restraint, or stop microphone or shorthand recording, and to cancel statements when the speaker disturbs the order of a session by speeches or violates or agitates about national security matters.
Prohibition of insulting remarks	Eliminates the article that prohibited statements on the private life of or insults to head of the state, prime minister, member of the state council, government officials, witnesses, expert witnesses, or speakers.	Prohibited statement on the private life of, or insults to head of the state, prime minister, members of the state council, government officials, witnesses, expert witnesses, or speakers.
Prohibition of checks on statement	Eliminates the article that prohibited climbing up on the platform during the session without permission from the Assembly Chairman or committee chairman.	Prohibited climbing up on the platform during the session without permission from the Assembly Chairman or committee chairman.
Prohibition of smoking, etc.	Eliminates the article that prohibited carrying goods such as hats, coats, sticks, etc., not useful for the session.	Prohibited carrying goods such as hats, coats, sticks, etc., not useful for the session.
Live broadcasting	Permits recording, video-taping, photographing, and broadcasting of main sessions or committee meetings in the hall (limited to the audience area in the case of the main session) except when opening is voted down at the main session or committee meeting.	Prohibited recording, video-taping, photographing, and broadcasting of main session or committee meeting unless permitted by Assembly Chairman or committee chairman.

**KNCC Issues Guidelines for Human Rights Protection**

SK1506005188 Seoul THE KOREA TIMES in English  
15 Jun 88 p 3

[Text] The National Council of Churches in Korea (KNCC) recently issued a set of guidelines for the protection of human rights which tell citizens how to cope with varied cases of power abuse by the law enforcement authorities.

Alarmed by the KNCC move, the National Police Headquarters yesterday distributed the guidelines to police across the nation, asking them not to blunder, taking the guidelines into account.

The guidelines, issued by the human rights committee of the ecumenical body of Protestant denominations, was designed to provide citizens with practical methods for self-protection against various human rights violations by police.



The guidelines, published in the form of a brochure, enumerated police human rights violations—street checks, protective custody and house arrest, search and arrest without warrants, and torture or other physical abuses.

KNCC tells citizens to protest loudly and arouse sympathy of onlookers or protest collectively when police try to arraign or exercise violence on them.

The guidelines further told citizens to lodge legal complaints, file lawsuits or demand police apologies and compensation once they suffer physical injuries or financial loss.

When unidentified investigators try to lead them away without warrants, the KNCC guidelines said, citizens should let eyewitnesses know of their arrest, asking them to report immediately to the KNCC, the CATHOLIC Peace and Justice Commission or the Association of Families of Arrested Democratic Figures.

KNCC also advised citizens to identify policemen who manhandle them at assembly sites so that they can file lawsuits later.

Even after they were detained or put under house arrest, they should do their best to escape and lodge the strongest protests possible, according to the KNCC guidelines.

When they were searched without warrants, KNCC advised them to resort to physical force to block the illegal move and file lawsuits against the law enforcers on charges of trespassing.

KNCC advised them to stage hunger strikes if they are physically abused while in the custody of the law enforcement authorities.

When forced to make confession or other statements by police, they should refuse to do so or make inconsistent statements to confuse investigators. Police, in the meantime, viewed that the KNCC guidelines are not against the law, but are worried over a flood of complaints and lawsuits in the days to come.

Police are also concerned about protests and demonstrations to be staged in the course of citizens' move for the self-protection of human rights as prescribed by the guidelines.

**Daily on Nonpartisan National Security Needs**  
SK1906000388 Seoul THE KOREA HERALD in  
English 19 Jun 88 p 8

[Editorial: "Opposition vs. Military"]

[Text] A few days ago, the nation was introduced to a scene that was strange yet quite impressive; leaders of opposition parties were briefed at the Ministry of

National Defense on national security. It was so because such a scene has no precedent, though opposition leaders have at times been given similar briefings together with their opposite members at the National Assembly.

At least symbolically, that occasion indicates how important national security is perceived by all, irrespective of partisan or professional differences. Indeed, few countries find the necessity of national security as imperative as we find it on our divided peninsula: the theater of one of the most heavily armed confrontations on earth with its northern half being ruled by unpredictably militant adventurers. Its uncomparably sensitive geostrategic position adds to that imperativeness.

All this leads one to accentuate the need for a supra-partisan effort to maintain national security readiness. Yet, the opposition at large and the military, in many's eyes, have remained critical of each other. Oppositionists seem to have believed that the military has been politically oriented to prop up those in power rather than performing its intrinsic defense duty. The military, it appears, has thought that the oppositionists have not been cooperative in security affairs because of their failure to correctly understand the realities facing the nation.

Whatever their respective reasons, none would deny each other's responsibility for ensuring their shared goal—national security and safety. The opposition parties should display their political ability and influence to that end and the military should remain faithful to their original duty of national defense while refraining from what might compromise its image as such.

The opposition leaders, following the briefing session, shared the comment that it was "very conducive" and suggested that such occasions be held as often as possible. Mindful of all this, the ministry was certainly well advised to provide the briefing.

Wittingly or unwittingly, the opposition parties seem to have been alienated from the national security policy-making process. Both sides, each on their part, need to reflect on that eventuality. Surely, the latest briefing has provided a precious momentum to get out of the undesirable past practices.

We trust that the military will remain dedicated only to its original and paramount duty of safeguarding the nation from aggressive threats. It will be the way to keep popular trust in its service, which, in turn, is essential to successful implementation of its duty. Opposition politicians, for their part, will be good to help the military to succeed in that effort. A supra-partisan security endeavor can't be stressed too much for all, ruling or opposition.



## ECONOMIC

### Meeting Held To Discuss Revision Of Sixth 5-Year Plan

41070063 Seoul MAEIL KYONGJE SINMUN in Korean 18 May 88 p 3

[Article by reporter Kim Tae-ho: "A Transcript of the Inquiry into Revising Finances and the Tax System in the Sixth 5-Year Plan System"]

[Text] On the afternoon of the 17th, the government convened a meeting in the conference room of the Economic Planning Board, with Deputy Prime Minister Na Ung-pae presiding, to discuss the revision of those sections of the Sixth 5-Year Plan dealing with finances and taxation.

Altogether there were 22 participants, including ministers and vice ministers of 11 government agencies such as the Economic Planning Board, the Ministry of Home Affairs, the Ministry of Finance, the Ministry of Trade and Industry, the Ministry of Defense, and the Ministry of Transportation, as well as representatives of non-governmental economic organizations and figures from the academic world. They engaged in an enthusiastic discussion of policies for restructuring of the tax system and fiscal management.

In a break with previous practice, this meeting was open to the public and attracted an extraordinary amount of attention from all circles of society. For the government to open to the public a meeting of cabinet ministers and vice ministers formulating or revising a 5-year plan is an extremely rare occurrence, one which revealed unequivocally how much the style of policy management has changed under this government.

This meeting attracted particular attention because finances and the tax system are the core of the Sixth 5-Year Plan. Finances and the tax system are directly linked to the budget, so, depending on which policies are adopted, in the future more and more areas will be individually affected by what is done to revise the Sixth 5-Year Plan.

At first, the government felt that a tax increase was unavoidable in order to satisfy the demands of the citizenry for welfare. The government formulated a plan for raising the tax burden to a rate of 20 percent by the target year of 1992 and put forward several proposals, such as an increase in the tax surcharge. However, private economists and academics raised a blanket objection that such steps would only weaken the vitality of the private economy.

There was also a clash of views over whether or not to abolish the practice of tax exemption. The Ministry of Finance prepared a plan for either abolishing most of the provisions for tax exemption over the course of the Sixth 5-Year Plan, in order to increase equity in taxation and

adjust the industrial structure, or greatly reduce their scope. However, the private sector and several government organs directly associated with it, such as the Ministry of Trade and Industry, voiced opposition, on the grounds that the abolition of the provisions for tax exemption would only bring about greater inequality in industry.

Of particular note was the attack by Yi Sok-chu, chairman of the Korean Federation of Small Businesses, who, speaking as the representative of small and medium size enterprises, said that, on the contrary, aid to small and medium size businesses should increase.

There was also heated debate over whether the various projects the government and the ruling party promised citizens during the recent presidential and National Assembly elections, such as development along the West Sea coast, are economic or political in nature.

At first, the Economic Planning Board, in preparing its draft proposal, made clear its view that whether these were projects which the people had been promised or not, with the difficulty of drafting an accurate budget for them, or if they were less economically significant projects, there would be no alternative to postponing those projects for the time being. The government agencies involved resisted. Those ministries and agencies which handle many construction and transportation development projects passionately pleaded that, although economic significance was important, for the sake of bringing the people of the entire nation together, there should be a full-scale effort to promote the development of backward areas. Moreover, Yi Pom-chun, the minister of transportation, frankly stated his displeasure at the postponement of the plans for high-speed electric railways and construction of subway extensions which had at first been envisioned as solutions to the transportation problems of Seoul and Pusan.

The positions taken that day by the ministers of the various ministries and by the representatives of economic organizations are, in brief, as follows:

Deputy Prime Minister Na Ung-pae said that recently, because of changes in political, economic, and social conditions, the expectations of the citizens for welfare financing and improved equity in the tax burden were greater than ever before.

Henceforth, the most noticeable problem in finances and the tax system is going to be securing a stable fiscal income and increasing the equity of the tax burden at the upper-income level, while alleviating the tax burden of those in the middle class and below.

Professor Yi Choe-song of Songgyungwan University said he found nothing particular to criticize in the overall picture of the tax system. However, the plan to expand the graduated tax will for all practical purposes be ineffective on income from funds and property held under assumed names.



Even with the imposition of a graduated tax, those with accounts under assumed names will not be hurt since they can avoid taxation.

Banks cannot tell if the person is who he says he is solely on the basis of the I.D. cards he presents and such things as bonds do not require true names. Accordingly, the real name system is a matter demanding immediate attention.

Citizens pay both the residents' tax as a regular tax and the defense tax as a special purpose tax.

The tax system must be put in order by abolishing the defense tax and the education tax, including these in the regular tax only when there are problems with tax revenues, so as to obtain the compliance of the citizens.

This must be given consideration since, although the current tax burden is 17.3 percent of the GNP, when the cost to citizens of miscellaneous fees is included, the tax obligation is higher than that.

A realistic decision must be made to move toward an upward adjustment in personnel costs, with the concurrence of budgetary authorities.

Kim Sang-ha, chairman of the Korea Chamber of Commerce, said he hoped for a fiscal policy aimed at further fostering the middle class and at further inspiring investment in business.

He said that although it is reported that the 16 income tax brackets in effect now would be reduced to 10, he preferred that the number of brackets be reduced further in view of what is done in foreign countries.

He also would prefer that the cuts in the income tax rate be even more than the 50 percent proposed.

He stated that it would be good if the corporate tax of 30 percent on companies listed on the stock exchange and 33 percent on those not listed be reduced to the 25 percent rate of the competitor nation of Taiwan.

He thought that the plan for an increase in the value added tax was premature.

In regard to the question of equalizing differences in regional development, he placed policy considerations above economic significance and hoped that those regions that had fallen behind would be developed as well.

He hoped that the salaries of the civil service would by all means be improved to 90 percent of the level in state-run corporations.

Professor Pak Chong-ki of Inha University said that one of the most difficult social problems was mistrust. He stated that, as the restoration of trust was a most important pressing issue, there had to be improvement in reviving confidence in the equity and impartiality of the tax system.

The greatest complaint citizens had against the tax system was that the tax burden was unequal.

In the use of fiscal resources, there must be a clear determination of priorities. In listing how fiscal resources are to be used, which projects will come earlier and which later must be made clear and a method of prioritizing when projects are to be carried out must be introduced.

Those projects which contribute to the general wealth should be given priority.

Flexibility must be shown when reexamining expenditures and organizing the budget by searching out areas where cuts are possible and making those cuts.

Kim Yong-sik, the minister of education, stated that it would be good if the number of primary and secondary education teachers sent on study tours overseas would be increased to 3,000 a year, as promised in the presidential and National Assembly elections.

He hoped that the curtailment of the special accounting system for the finances of national universities, on the contrary, would be cautiously reassessed because of the possibility that it might have a negative impact on university autonomy.

Since the lengthening of compulsory education is a global trend and since in Korea 97.8 percent advance to middle school, middle school compulsory education must be implemented in stages by dropping entrance fees and lesson fees and by providing compensation for the cost of textbooks.

Professor Nam Chong-hyon of Korea University stated that the most important economic issues were the surplus and the problem of distribution and equality. In order to deal appropriately with the black ink, a non-inflationary emergency fiscal plan must be implemented and the excess liquidity in the cities because of the surplus must be absorbed.

Subsidies are given to farm households hurt by the importation of agricultural products but there must be enough support to meet the needs of those who change their occupation or are forced out of business.

Yi Sok-chu, the chairman of the Korea Federation of Small Business, asked that there be more funds for the support of small and medium businesses.



Government agencies working with small and medium enterprises must not be completely abolished and amalgamated.

Ku Cha-kyong, chairman of the Korea Management Association, declared that research and development of the latest technology and the expansion of vanguard industries is directly related to the growth of the nation's economy.

There must be active government support in this area.

Welfare is necessary but the core of government policy must continue to be the nation's overall industrial development, since there is reason to fear that, without industrial expansion, there would have to be cutbacks in welfare.

The special income tax should be reduced and steps should be taken to normalize the marketing of luxury goods which are not freely available.

With the valued-added tax unfixed, there is a possibility that a rise in the value-added tax could introduce considerable harmful side effects into the national economy.

Since the costs of welfare, higher than the national economy can bear, will place a tremendous burden on the national economy, welfare policies should be implemented cautiously.

In order to secure an advanced labor force, financial support for science colleges must be expanded.

Yi Kwan, minister for science and technology, said that the goal for the 21st century was for Korea to enter the ranks of the 10 advanced industrial nations.

Development of and investment in new inventions and in the latest semi-conductors must grow. The gap with developed nations must gradually be narrowed.

O Cha-pok, minister of national defense, said it really made no difference whether or not the formula fixing the ratio of defense expenditures to the GNP was abolished. If the costs of maintaining the riot police were subtracted, the defense budget would not amount to very much. In 1987, that would make it no more than 4.9 percent of the GNP.

Compared to how much defense costs other nations, such as 5.5 percent of GNP in NATO, 11.5 percent in the Middle East, 12 percent in the Warsaw Pact, 12.2 percent in some other nations and 6.9 percent in the United States, Korea's 5.5 percent is rather low.

The next 2 to 3 years will be crucial for national defense. As for the threat from the North fading, our nation must be stronger than north Korea and the trend toward openness must spread to the North. That will probably only be possible in the first half of the 21st century.

Accordingly, in the final analysis, the arms race between north and south Korea will probably continue into the beginning of the 21st century.

The government plans to prepare a final draft of the revised economic plan by the end of June, based on what was said at this meeting. People are wondering how the diverse opinions that were expressed can be brought together in a coherent whole.

9953

**'Top Speed' Production of 4M DRAM  
Semiconductors Expected To Meet Demand**  
41070076 Seoul MAEIL KYONGJE SHINMUN in  
Korean 23 May 88 p 1

[Text] The demand for DRAM (dynamic random access memory) semiconductors has increased rapidly, and the supply is short. Due to these circumstances, the semiconductor producers in Korea are expanding their production of 256K DRAM and, furthermore, the producers are planning to produce commercially 4M DRAM at top speed.

Samsung Semiconductor and Telecommunication and Hyundai Electronics are in the process of expanding the memory semiconductor devices, DRAM, production line. Gold Star Semiconductor has also decided to engage in the production of DRAM and its related production facility being constructed. So far Gold Star has been producing SRAM [static dynamic random access memory], communication integrated circuits, and ROM (read only memory).

On the 23d the semiconductor industry stated that, during the last half of 1987, the market availability of DRAM was exhausted. To take advantage of this circumstance, Samsung Semiconductor and Telecommunication has increased its production and the available supply of 256K DRAM. At the same time, the production capacity of 1M DRAM will be increased and the production target for 1989 will be 7 million after the addition of a third production line.

Hyundai Electronics is also increasing its production facility for 256K DRAM to produce 7 million units per month within this year.

Although Gold Star Semiconductor has been acquiring DRAM production technology, until now it had been procrastinating in implementing mass production but, during the second half of this year, 256K DRAM and 1M DRAM will be mass produced. Currently, production facilities are under construction in Umyung-dong, Seoul and Kumi.

For Samsung Semiconductor and Telecommunication, a third production line is under construction in the Kihung plant which will be completed sometime this



year and, beginning next year, 1M DRAM will be in mass production at that plant. At the same time, 4M DRAM, which was developed recently, will be commercially produced.

Samsung began to mass produce 1M DRAM at the end of last year, and the production target for this year is 18 million units and currently about 1 million units are being supplied.

Hyundai, which has been producing about 3 million units of 256K DRAM per month, has been supplying this entire amount to TI Co. of the United States. Since April of this year, production of these units has been increased to 4 million, and the company is planning to increase production to 7 million units by the end of this year in order to supply firms other than TI Co. Gold Star Semiconductor has invested 31.5 million won in Gold Star Central Research in the Umyun-dong and Kumi plants to begin mass production within this year. The production items include 256K DRAM, which has already been developed, 1M DRAM, as well as 16K SRAM and 64K SRAM.

Within this group, 256K DRAM will be mass produced beginning in October, and 1M DRAM will be produced next year. For 1M DRAM, the production target would be about 1 million per month.

12482

### **Machine Tool Industry Expands Efforts for Domestic Production**

41070067 Seoul MAEIL KYONGJE SINMUN in Korea  
31 May 88 p 13

[Article by Yu Hung-mok]

[Text] One Trillion [Won] Domestic Market...Competes With [Others] in Technological Development; The Machine Tool Industry Moves on to High Growth Highway; High Wages and High Exchange Value of Won Are Moving It into the Spotlight as a Promising Industry; Big Business Enterprises Are Quickly Becoming Large-Sized One after Another; Domestic Production of Parts, Including NC Equipment, Is a Task of Highest Priority

The machine tool industry, the center of the machine industry, has, of late, been moving into the spotlight as a promising business of the future.

Those businesses which are involved with machines are struggling to be first to jump into that field. Big businesses are also moving in and competing with one another in development in this area. Since businesses have so far placed great reliance on imports for machine tools, efforts to substitute domestic products for imports, and encouraging domestic production of machine tools are becoming conspicuous.

### **From Imitation to Improvement Stage**

The reason why the situation is becoming more active is that the demand for machine tools is greatly increasing centering around those domestic industries concerned, including the electronic and automobile industries.

Machine tools, which are called "the mother of machines," themselves are industrial equipment; they are also the machines which produce the equipment. They represent capital goods that are the base industrial technology.

Therefore, they also represent the basic equipment that affects the technological standard and productivity of the entire manufacturing industry.

Furthermore, technological development of the machine tool industry is moving ahead fast and the most up-to-date technologies, such as microelectronics, new materials, and lasers, are being used in it.

This is because production of a small quantity of many varieties has developed. Thus, the life cycle of machine tools is short to that extent and keen competition is developing among business circles to become the most modern.

Our country, breaking away from the era of imitation of the early 1980's, is now entering the era of improvement. However, this has been due to cost cutting and elimination or reduction of the labor force which were effected by labor disputes, and the upward valuation of the won.

The demand in the domestic market this year is expected to reach 938.7 billion won (including metal processing machines). This indicates a big increase from the 579 billion won of 1986 and the 809 billion won of last year.

### **Close to 500 Companies of Manufacturing Businesses**

Since it is expected to increase up to 1.37 trillion won in 1990, the machine tool industry is expected to quickly become a promising growing business on the basis of domestic demand.

Technological development of the machine tool industry began on a full scale in 1973 when the government announced "the declaration of heavy chemical industrialization."

Furthermore, thanks to the policy-oriented assistance rendered through the establishment of a 1977 plan for bringing up the foundation of metal machine tools manufacturing industry and the designation and bringing up of professional production businesses, new participation in the machine tool industry has been accelerated centering around big businesses.



From that time on, decisive factors for accomplishing large-size industrialization have been found in the aspects of facilities, funds, and management of the machine tool industry.

These big businesses which had newly participated in the machine tool industry imported the most up-to-date facilities and technology from advanced countries, including the United States, Japan, and West Germany, and greatly improved the quality of goods and developed new varieties of tools.

In 1980, the total number of machine tool industry businesses was only 169; but it increased to 206 in 1983 and again to 139 in 1984.

And again in 1986, it increased to 405 and this is an increase of 108 from the 297 of 1985.

After that, too, as the machine industry enjoyed prosperous conditions, newly participating businesses increased continuously; and at present, it is reported, the number is close to 500.

Those which began production in 1983, including the Tusan Machine, Tongil, the Daewoo Heavy Industry, the Kia Machine Industry, and the Hyundai Motor, have of late either newly participated or been greatly expanding machine tool business.

And Gold Star has begun developing NC [numerical control] by going into partnership with a French business enterprise specializing in the machine tool industry; the Hyundai Heavy Electric Machine and the Hyundai Engine have newly participated in the area of basic parts and of NC machine tools and are stepping up development.

The participation by new business enterprises and the stepping up of business by existing business enterprises are progressing with the domestic production of parts and finished products and the enhancement of the rate of turning to the NC.

As for the trend in development, domestic production has been pushed as follows: of the goods including safety devices and hydraulic valves: 6 items in 1985; 8 items in 1986; and 12 items last year. This year, 10 items including NC equipment gear pumps are being domestically produced.

Furthermore, next year, 12 items, including NC rotary tables, spin screens, and special hydraulic screens, will be produced domestically. And an increase in competitive power is being sought.

The rate of turning to NC in production of goods is also greatly increasing.

The rate of turning to NC was 22.4 percent in 1983 and it was 40.7 percent last year. The increase during those 5 years was as much as 18.3 percent.

#### Exportation Goal \$50 Million

The participation in machine tool industry by newly joining businesses and the promotion of domestic production are expected to become a green light for gradually reducing the degree of reliance on imports from abroad.

Those items which have already been equipped with competitive power have become capable not only of serving as substitutes for imports but also of seeking increases in exports.

Imports of machine tools from abroad increased continuously till 1986. It was \$87 million in 1975 and increased to \$254 million in 1985. During those 10 years, the increase was nearly three times.

The increase continued in 1986 and 1987. It is, however, the basic strategy of the government and business circles to gradually decrease from this year on. It will be decreased to \$230 million this year and be further decreased thereafter.

The degree of being self-supporting through domestic production, too, was heightened up to the level of 50 percent from the 48.9 percent of 1986. From next year on, it is planned to meet more than 60 percent of the domestic demand.

At the same time, items of import machines will be designated as the items to be produced domestically and be developed as domestic products. Domestic production of 19 items, including NC dischargers and cylinder boring machines, in 1986, and domestic production of 15 items, including NC drilling machines and NC planometers, in the last year were announced and implemented. And, in this year, it has been planned, 15 items, including jig boring machines, will be developed and will take the place of imports.

As for the variety of export machines, too, it has been decided upon that the variety be expanded from the former all-purpose lathes and NC lathes to the field of machining centers and drilling machine presses.

After 1977 exports of all-purpose machine tools, including all-purpose lathes and milling machines, to the United States greatly increased. In 1982, \$34.92 million were earned through those exports: as much as 21 times more than the 1977 imports.

The amount of exports last year was \$37.47 million; and this year it will be \$50 million. In 1989, too, more than \$65 million of exports is anticipated.



Such an expectation comes from the fact that those existing business enterprises, including the Daewoo Heavy Industry and the Hyundai Motors, and the Hyundai Heavy Industries and the Hyundai Engine and Machinery Co. are actively pushing technical tie-ups and the OEM [original equipment manufactured] exports.

Business enterprises and the government have a long-range vision to increase domestic production, from 50 percent of the total, of NC lathes and milling machines up to more than 90 percent by early 1990 and thereby of challenging \$200 million spent on exports.

#### Inexperience in Design and Final Treatment

Although a foundation is being laid for turning the machine tool industry into an export industry, the degree of foreign reliance is still great. Thus competitive power is still not strong enough compared with that of advanced nations.

In particular, the fact that a large amount of material is imported from Japan constitutes a significant obstacle to the growth and development of the machine tool industry.

Regarding the total amount of imports last year, \$486 million, the imports from Japan reached 65.3 percent of the total amount, or \$317.5 million. Among those [import goods,] the NC equipment (controllers), which is a vital part and makes up 40 percent of the production cost of the NC machine tools, is totally dependent on Japanese imports. This serves as an important factor in weakening the competitive power of domestic products.

In particular, Japan is taking advantage of the fact that domestic production of such a vital part is not being carried out as it should be. And the situation is that Japan is raising the export price at will.

Such a situation causes the cost of domestically produced machine tools to become higher and, eventually, to further weaken the competitive power in exports.

Of course, such vital parts are being developed within the country. However, the weak point is that it is impossible to catch up with Japan in production and technological capability.

The (incorporated) Dongil developed the NC controllers for 2 axis lathes and 3 axis milling; and the Daewoo Heavy Industry domestically produced the NC controllers for 2 axis lathes and the 6 axis multijoint robots. However, these are only designed to meet their own demands.

Furthermore, the technological lag in producing hydraulic parts and precision bearings and the lack of safety measures in installing them are further reducing the number of domestically produced NC machine tools.

Therefore, the urgent tasks for our business enterprises are to resolve to develop technology to produce various machine tools of high quality domestically.

However, the reality is that experience is still insufficient in specialized processing technology which requires high level precision and in final treatment of goods, such as heat treatment and surface treatment, and that designing capability of our own is not up to par.

Therefore, in order to become competitive as to machine tools, it is imperative that vital parts be produced domestically at an early date.

7989

### FOREIGN RELATIONS, TRADE

#### Former Prime Minister Sin Hyon-ho Returns From Moscow Visit

41070070 Seoul CHUNGANG ILBO in Korean  
30 May 88 p 5

[Interview with Sin Hyon-ho by Assistant Chief of the Economic Desk Sin Song-sun: "An improved relationship With the Soviet Union Expected Through Expansion of Economic Trade"; date and place not specified]

[Text] "We have been moving ahead fast in cultural and athletic exchanges with the Soviet Union, but now the exchange will take an economic form. That is the trend, and so the atmosphere is changing. As we have done in Hungary, I think we will be able to establish a trade office [in the Soviet Union] in the near future."

Such is an explanation of the possibility of an amplified economic trade with the Soviet Union, according to former Prime Minister Sin Hyon-ho (presently chairman of the Administrative Reform Committee), who has recently visited Moscow to attend the Meeting of Former Chief Executives of the Government (Inter Action Council, 17-19 May), which is a meeting of influential figures who are former presidents or prime ministers of major nations.

He said that the Soviet people's interest in Korea was surprisingly high and that it is possible for Korea to take a mutually supportive role in the Soviet's Siberian development in the future. Following is an interview with former Prime Minister Sin.

[Question] What was the purpose of your recent visit to Moscow?

[Answer] It was to attend the Meeting of Former Chief Executives of the Government, which is a meeting of former prime ministers and presidents.



There are 36 countries that participate in the Meeting of Former Chief Executives of the Government, which is held once a year to discuss: 1) development of the world economy, 2) issues of the world peace and disarmament, and 3) issues concerning the natural environment and social conditions.

This time, the meeting focused on the future of the world economy which is heading for the 21st century. In particular, we discussed: problems of the developing countries' debt, forecast of the U.S. economy and problems of the U.S. protectionism in trade, and issues of exchange between the East and the West.

Attending the meeting was the vice minister of foreign affairs of the Soviet Union, who explained the perestroika and the glasnost policy of the Soviet Union and expressed his hope for an extended exchange with the West in trade and joint investment.

[Question] You have previously visited the Soviet Union in 1978. Compared with that visit, what kind of changes did you see in the Soviet society?

[Answer] It has changed significantly. Compared with 10 years ago, it is apparently devoting its energies to the [solution of] problems concerning public welfare. Material objects are abundant, and the number of cars on the street have increased several times. The people are colorful, and the gloomy atmosphere of the past, particularly among the youth, is now changing.

I felt that since Gorbachev became the general secretary, the new policies have been well accepted and welcomed by the people.

I could see that even the key officials of the Soviet Union who were greeting us were talking freely and discussing events. Last time when I visited [the Soviet Union], they either kept their mouths shut or seemed to hide something when answering questions, but they were different this time.

[Question] Whom did you meet during your visit to the Soviet Union?

[Answer] I met with government officials and those working at research institutions. There were plenty of opportunities to share individual opinions. (Former Prime Minister Sin asked not to publish the names of the people he met.) A responsible person from a research institution whom I met when invited by Gromyko to a Kremlin reception was quite knowledgeable about the Korean economy and was doing a lot of research work.

Dean Yi Song-kun of Paechae College, who traveled with me to the Soviet Union, visited the Soviet Institute of Political and Social Problems, where he met with the institute's deputy director and researchers. I was told

that they, too, were quite knowledgeable about Korea and had positive thoughts about the economic trade issues. In other words, their thinking was similar to ours.

[Question] Do you think the future economic exchange with the Soviet Union will lead to an establishment of trade offices and so forth?

[Answer] Judging from my feelings after meeting them, I think the cultural and athletic exchanges have made significant progress thus far, which will lead to economic trade. As we have established a trade office in Hungary, I think we will be able to establish a similar kind of trade office in the Soviet Union in the very near future.

[Question] To what extent do you think the 1988 Olympics will affect our trade with Eastern Europe?

[Answer] The 1988 Olympics will serve as an important bridge. The Eastern European countries are deeply interested in Korea. In the Republic of Slovenia in Yugoslavia, there is a comprehensive industrial organization to which several factories belong. While I was staying in London after my visit to Moscow, about four or five people from this organization, including the general manager, came all the way to London to see me and discussed possibilities of extended trade with Korea and investment problems. They had such a high level of interest in Korea.

[Question] If our economic trade with the Soviet Union is to grow, what areas do you think would be most promising?

[Answer] While we were visiting the Soviet Union, an electronic product show was held in Leningrad. Participating in the show were Samsung, Goldstar and Daewoo of Korea, which saw a great success.

If we improve our relationship with the Soviet Union as well as with the Eastern European countries, I think there would be a lot of room for advancement.

The Soviet Union is putting its efforts into development of Siberia, which possesses a lot of natural resources, such as coal and timber, which we need. In this area, too, I think there is an endless possibility for a mutually supportive exchange. I think such a possibility also exists in establishing a similar relationship with the People's Republic of China.

[Question] When do you think the expansion of our economic trade with the Soviet Union and the Eastern European countries will lead to an improvement of political relationship?

[Answer] I think the economic relationship will rapidly improve beginning immediately, and the improvement in economic relationship will lead to the improvement of political relationship. But I am in no position to talk about the timetable.



[Question] What do you think of the possibility that north Korea might interfere?

[Answer] I think we are past the time when our economic relationship with the Soviet Union and the People's Republic of China, not to mention the Eastern European countries, used to depend on their political relations with north Korea. We can see this from the fact that the Eastern European countries are no longer concerned about such a matter. For example, Hungary opened a trade office, and Romania is in the process of opening a similar office. Other Eastern European countries are trying to follow suit.

The Soviet Union and the People's Republic of China, too, are no longer stuck with the status quo, and are promoting an economic liberalization. It is now inevitable for them to establish a relationship with us. North Korea, too, should awake to this reality and should adapt itself to the new trend.

[Question] Isn't north Korea actually strengthening its military tie with the Soviet Union right now, such as deploying the SAM missiles?

[Answer] That is precisely one of the obstacles. The whole world acknowledges that [south] Korea is peacefully advancing its economy. It is true that the military force of [south] Korea is inferior to that of north Korea because [south] Korea is not concentrating its energies on military competition.

However, the north Korean policies to strengthen its military power run counter to the worldwide trend, and such policies do not lend themselves to improved relations.

[Question] How do you think such an improvement in our relations with the communist circles will affect the domestic ideological issues among certain student groups that have recently begun to surface?

[Answer] Today, most of the socialist countries, including the People's Republic of China and the Eastern European countries, are moving fast toward the liberalization trend. We can actually feel it. On the other hand, the countries with a free economic system are heading toward a welfare state, moving toward reformism rather than strengthening capitalism.

I think blind advocacy of socialist extremism with no concern for the worldwide trends is an outdated behavior and cannot assist in social and economic advancement.

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## POLITICAL

### **Economic Ministries Reorganization Seen Indicating Lack of Smooth Progress**

41070083 Seoul NAEWOE TONGSIN Korean No 592  
10 Jun 88 pp 1C-7C

[Text] Seoul, NAEWOE—North Korea has reorganized the State Administration Council's economic ministries and reshuffled economic ministers on two occasions this year alone, the 2d year of the Third 7-Year Plan.

Following the 12 February reshuffle of the economic ministers of the State Administration Council this year, north Korea created two more ministries and reshuffled economic ministers in another reorganization on 2 June.

A salient characteristic of these two rounds of reshuffling of the State Administration Council's economic posts is that north Korea repeated the pattern of splitting a single ministry into two or more separate ministries and switching ministers laterally.

The second reorganization of the economic ministries as announced by north Korea on 2 June clearly confirms that characteristic.

First, the Construction and Building Materials Industry Committee, which was set up as a single entity in the government reorganization carried out in November 1985, was split into two separate entities, namely, the Building Materials Industry Committee and the Ministry of Construction; and similarly, the Chemical and Light Industry Committee was split into the Light Industry Committee and the Chemical Industry Ministry. This reorganization was accompanied by the following reshuffling of economic ministers:

Hong Song-nam, who had been demoted from the first vice premier to the post of vice premier last October, was named chairman of the State Planning Committee; and Kim Pok-sin, who had been the chairman of the External Economic Affairs Committee since October 1985, was named the chairman of the separate Light Industry Committee. With the split of the Construction and Building Materials Industry Committee, Cho Se-ung was relieved as its chairman, and Chu Yong-hun was named as chairman of the Building Industry Committee; and Cho Chol-chun, vice Chairman of the Construction and Building Materials Industry Committee, was promoted to the post of minister of construction; and Kim Hwan was relieved as chairman of the Chemical and Light Industry Committee and named as minister of Chemical Industry.

In the earlier 12 February State Administration Council reshuffle, State Planning Committee Chairman Hong Song-nam and Vice Premier Choe Kwang were relieved of their posts, and Vice Premier Kim Yun-hyok was relieved of his post as concurrent chairman of the

Construction and Building Materials Industry Committee. Cho Se-ung, who had been named responsible secretary of the North Hamgyong Provincial party committee in May 1985, was appointed as vice premier and concurrently as chairman of the Construction and Building Materials Industry committee; and Kim Hwan, who had held no other post than that of vice premier, was renamed as chairman of the Chemical and Light Industry Committee; and Kim Tal-hyon was relieved as chairman of the Chemical and Light Industry Committee and named as chairman of the State Planning Committee.

The two rounds of reorganization of the economic ministries and committees carried out so far this year basically reflect the fact that the current Third 7-Year Plan has not been progressing as smoothly as originally planned. After all, north Korea's current eighth cabinet (State Administration Committee) is an economically oriented cabinet charged with the propulsion of the Third 7-Year Plan.

When the eighth State Administration Council was formed (at the 27 December 1986 Supreme People's Assembly session) with Premier Yi Kun-mo at the helm, it made an ambitious start.

The seventh cabinet had 15 committees, 10 ministries, and 1 board, whereas the eighth cabinet was larger in scale, consisting of 14 committees, 15 ministries, and 1 board. Originally, in the eighth State Administration Council, two ministries, namely, the Ministry of Atomic Industry and the Ministry of Shipbuilding Industry, were created; two other ministries, namely, the Ministry of Natural Resources Development and the Ministry of Rails were revived as separate ministries; and in particular, the Ministry of Public Security was reinstated in the cabinet to perform general police functions, such as the maintenance of public safety and order. Formerly, the functions of public security had come under the party Secretariat. In addition, the Ministry of Commerce, reportedly organized in the 1986 fiscal year, and the External Economic Affairs Committee, the new name for the old Trade Committee, were upgraded to the regular ministry level under the cabinet. The order in the listing of ministries of the State Administration Council was also changed, with Ministry of Foreign Affairs, the External Economic Affairs Committee, the Agricultural Committee, and the State Planning Committee listed in that order. In this way, the eighth State Administration Council exhibited its distinctive characteristics as an economically oriented cabinet, with priority on foreign trade and increased food production.

Moreover, the creation of the Ministry of Atomic Energy Industry and the Ministry of Shipbuilding Industry was a demonstration of the government's determination to give policy preference to the development of nuclear energy and shipbuilding in the Third 7-Year Plan period. The reinstatement of the Ministry of Natural Resources



Development and the Ministry of Railways by separating them respectively from the Mining Industry Committee and the Railway Committee was a demonstration of a positive determination to restore a normal pace of production in all industries through removal of the chronic shortage of raw materials and fuel in north Korea.

Entering the latter part of 1987, north Korea split the Metal and Machine Industry Committee into two ministries on 14 October in a partial governmental organization, which included the relieving of Hong Song-nam as first vice premier.

In this reorganization, the Metal and Machine Industry Committee was split into the Ministry of Metal Industry and the Ministry of Machine Industry. When there was a reorganization of the State Administration Council in November 1985, the Ministry of Metal Industry and the Ministries of First Machine Industry and Second Machine Industry were integrated into the Metal and Machine Industry Committee. Thus, this same committee was split into two once again in 2 years.

The original intention in reorganizing the apparatus of the State Administration Council was to increase productivity by strengthening inter-agency cooperation. However, the original reorganization failed to produce the intended results. The fact that the Construction and Building Materials Industry Committee and the Chemical and Light Industry Committee have been split into two ministries each once again in the latest reorganization, highlights the lack of balance among various economic sectors and the confusion in policy implementation, although the professed purpose of the split is to give play to specialization.

In all, north Korea has retouched the composition of its cabinet four times in 1 year and 6 months since the eighth State Administration Council was formed. However, the results indicate that north Korea has been repeating a trial-and-error process and experiencing frustration after frustration in the course of implementing the Third 7-Year Plan as it failed to properly translate into reality its original intentions in launching the eighth State Administration Council as an economically oriented cabinet.

Another salient feature of the successive reorganization of north Korea's economic ministries is that in the appointment of officials to key posts in these ministries, there has been no basic change in the pattern, with the appointment limited to a lateral switching of posts among technocrats from the party, without choosing someone who kept abreast of the changing international economic trends or who had a modern economic sense.

The key officials appointed in the latest cabinet reshuffle, including Hong Song-nam, chairman of the State Planning Committee; Kim Tal-hyon, chairman of the External Economic Affairs Committee; Kim Pok-sin,

chairman of the Light Industry Committee; Kim Hwan, minister of Chemical Industry; are the economic officials from the party who played a key role in the implementation of the Second 7-Year Plan, which was launched at the Sixth Party Congress in October 1980, with the attainment of a self-reliant economy as its main goal. The reappointment and frequent reshuffling of these economic officials from the party, although it may have the advantage of insuring speedy coordination between the party and the government in policy planning and execution, it will be difficult to keep continuity alive in the conduct of business in each ministry and to avoid confusion among working-level officials in the fulfillment of their duties. The more fundamental problem, however, is that all the other cabinet-level economic officials, in addition to the aforementioned four, are ingrained with the economic thought of a self-supporting economy, with priority on self-reliance, which forms the backbone of north Korean economic thinking, and that these people with a narrow outlook form the mainstream.

Therefore, judging from the personal propensities of the people who make up the cabinet which leads the north Korean economy, Premier Yi Kun-mo, the eight vice premiers, and the economic ministers who account for two-thirds of all the cabinet members, including 14 committee chairmen, 19 ministers, and 1 board chairman, are bound to repeat the old habit of clinging to the chuche-style economic management, instead of pursuing an economic policy oriented toward the outside.

Basically, the rigidity of these economic ministers seems to mirror the style of rule and the propensity in personnel appointment on the part of Kim Chong-il, who holds the scepter of power over both the party and the government. Accordingly, the exclusionist and anachronistic characteristics of the north Korean economy are expected to continue for quite some time as long as the present hereditary system of succession from Kim Il-song to his son remains in tact.

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**NODONG SINMUN Editorials for May 1988**  
*41100305a Pyongyang NODONG SINMUN in Korean May 88*

[Editorial Reports—The following editorials appeared in Pyongyang NODONG SINMUN in Korean during May 1988]

[Editorial Report] On 1 May 1988, at the top half of page 1, the paper carried an editorial entitled "Let Us Energetically Accelerate the Cause of Independence Against Imperialism, Holding High the Banner of Unity." [Summary published in FBIS DAILY REPORT EAST ASIA, FBIS-EAS-88-085, 3 May 1988, p 12, "Paper Carries Editorial."]



On 2 May 1988, at the upper right of page 1, the paper carried an editorial entitled, "Let Us Continue to Expand Coal Production Successes." The editorial notes the increasing demand for fuel and power as successes in the 200 day battle continue to expand and the opportunity for successfully accomplishing this year's momentous task in the Third 7-Year Plan by rapidly expediting production and construction; quotes Kim Chong-il on the need to increase coal production in order to normalize production in various sectors of the national economy and to raise the living standard; calls for the extraction industrial sector to give firm priority to drilling, stripping and pit construction not only to increase production during the 200 day battle period but even after the battle is over; calls upon all coal production workers to make unfavorable conditions more favorable to accomplish their daily, 10 day and monthly quotas without fail under all conditions; stresses that the organizational skill of the guidance functionaries is demonstrated through an increase in production with what they already possess; exhorts the functionaries to compute accurately the conditions concerning manpower, electric power, equipment and materials and put their shoulders together to solve all problems they encounter, working alongside the work companies and platoons which are the basic units in coal production; emphasizes that rear services work, such as supplying manpower, machinery and materials, equates to political work and that the responsible functionaries and those functionaries who are in charge of rear services work are to perform their politico-organizational work well to instill in the miners an appreciation for Kim Il-song's tremendous affection and generosity; exhorts the functionaries and workers in the coal production domain to wage a storming battle of loyalty to set new records during the period of the 200 day battle.

On 4 May, at the upper right and center of page 1, the paper carried an editorial entitled, "Let Us Fan the Flames of the Mass Campaign and Vigorously Wage the 200 Day Battle." The editorial quotes Kim Chong-il, "A mass campaign is a powerful method of mass mobilization to organize and mobilize the broad masses for mass heroism and collective innovation and it is a mighty means to bring about endless upswings in socialist economic construction"; states that highly arousing the creative positivism of the broad masses is an important task for achieving the goals of the 200 day battle; quotes the slogan of the party central committee, "Let Us More Vigorously Wage a Mass Campaign in Conformity With the Actual Requirements of Socialist Construction!"; states that although the goals, contents, objectives, methodology and scope are different for each mass campaign, such as the campaign to emulate the unsung heroes, campaign to create the "speed of the eighties," socialist competition campaign, and the "campaign to create model lathe operators who emulate the No 26 lathe," they all exhibit a commonality in basic objective which is to expedite the three revolutions, ideological, technical and cultural, which is the strategic line of the party; stresses that the worker group is the mass political

organization which is entrusted with and guides the organizational lives of the masses of every class and strata and likened to a transmission belt of the party; calls upon all members of the three revolutions teams to fan the flames of the three revolutions at every construction site and to thoroughly defend and protect the three revolutions line; exhorts all functionaries to vigorously display the heroic vigor of the people who are firmly united in the bosom of the party and leader by bringing about a praiseworthy victory in the 200 day battle.

On 6 May 1988, at the upper right of page 1, the paper carried an editorial entitled, "Let Us More Vigorously Expedite Production of Export Goods." The editorial notes that the creative struggle, "200 day battle speed," is being waged everywhere throughout the country and quotes "Kim Il-song Works," vol 35, p 335, "In all sectors of the national economy sources for export must be actively sought after and production of export goods must be increased on a large scale"; urges all to follow the slogan of the party central committee, "Let Us Uphold the Party Line on Developing Foreign Trade and Bring About a New Transformation in Export Goods Production!"; calls for the functionaries and workers to hold the correct position on export goods production; states that export goods are products which have been promised to other countries and thus that many modern export goods production bases have been set up through the country under the wise leadership of the party; calls for timely supply of raw and processed materials needed for export goods production and for the producers to work frugally and energetically to manufacture and package the products while striving endlessly to raise up the level of technical capability; calls upon all foreign trade functionaries to be aware of the importance of their responsibilities in developing foreign trade, survey in detail the demand of international markets and notify the producers in a timely fashion so as to produce many more exports goods in high demand.

On 7 May 1988, at the top center and right of page 1, the paper carried an editorial entitled, "Let Us More Vigorously Assist the Countryside." The editorial quotes Kim Chong-il on the need to produce and supply more goods, materials and humus for farming and responsibly provide rural assistance manpower during the cold frame nursery seeding and seedling transplantation; emphasizes that the goal of Kim Il-song's rural thesis to eliminate the discrepancy between the city and countryside will be made possible when guidance concerning the rural populace is given to the working class, industrial assistance is given to agriculture and help from the city is given to the countryside; calls for timely manpower assistance during the transplanting season in order to increase the crop yield; points out that under party leadership a lot of farm work is mechanized, chemical fertilizer and farm goods are being provided on time; notes that rural assistance work must be carried out along with fully accomplishing the tasks of the 200 day battle, thereby requiring concrete organization and foundational work; calls for raising up the role of party



organizations at all levels; exhorts all to work toward fulfilling the party's requirement of farming first and successfully provide rural assistance under the blazing flames of the 200 day battle and thereby achieve another bumper crop this year to mark the 40th anniversary of the founding of the republic.

On 9 May 1988, at the upper right of page 1, the paper carried an editorial entitled, "Let Us All Rush Forth To the Seedling Transplanting Battle." The editorial quotes Kim Chong-il on the necessity of timely transplanting of rice and corn seedlings; notes that the farms have been supplied with numerous tractors, seedling pullers and transplanters and that many more such farm machinery has been manufactured and sent to the farms during the 200 day battle; calls for all to uphold the party slogan, "Farm Fields Are My Fields," and for all the engage in rural assistance from beginning to end in accordance with *chuche* farming methods which Kim Il-song has created; warns against transplanting seedlings which are not quite ready for such a practice lowers the yield; calls upon the functionaries in all units of every sector to uphold the party's appeal for all the people throughout the whole country to lend vigorous rural assistance and for the railroad land and sea transportation sector to give priority to shipping farm materials such as humus and chemical fertilizer to the countryside and thereby celebrate the grand September festival with a bumper harvest.

On 10 May 1988, at the upper right and center of page 1, the paper carried an editorial entitled, "Let Us Actively Struggle to Satisfy Electric Power Demand Much Better." Quotes Kim Il-song on the necessity for establishing more electric power bases while going all out to conserve electricity; notes that providing ample electric power is one of the keys to create the "200 day battle speed" and celebrate as victors the 40th anniversary of the founding of the republic; calls for construction of more power generating stations to achieve the mark of 1.2 million kilowatts of electric power during the first half of the year, provision of iron, steel and cement to the power station construction sites and production of more generators and turbines at such plants as the Taean Heavy Machinery Complex; calls for the railroad transportation sector to vigorously wage the "campaign to exceed the 18 May accident free on time performance record" and thoroughly establish measures for water provision, materials and parts production; calls upon the functionaries in every sector more effectively to utilize and conserve electric power in their own units and thereby assure a more ample supply of electric power at the 200 day battle intensifies.

On 13 May, at the upper right of page 1, the paper carried an editorial entitled, "Let Us Quickly Ship Much More Freight to the Battlegrounds Bubbling With the 200 Day Battle." The editorial quotes Kim Chong-il, "The basic duty of the functionaries in the railroad sector is to ship freight," ("On Unconditionally Implementing Party Policy to the End," single volume, page

3); stresses that production equates to transportation and transportation equates with production and the loyalty of the railroad transportation workers to the party and the leader is demonstrated through their success in quickly shipping out much more freight to meet the requirements of the 200 day battle; notes that each and every moment in the 200 day battle must be marked with valuable exploits and transportation organization and direction is an important requirement in better providing the ever increasing demand for transportation in the national economy; calls for actively waging the "campaign to exceed the 18 May accident-free, on time hauling record" so as to ship much more freight to the 200 day battle construction sites; notes that not being complacent in victory but continuing to innovate and to advance is the traditional mark of the people; exhorts all railroad transportation workers to past successes become the stepping stone to even greater upswings leading to success in the 200 day battle.

On 16 May 1988, at the upper right and center of page 1, the paper carried an editorial entitled, "Let Us Vigorously Wage the 200 Day Battle with High Revolutionary Nature." Notes that Kim Il-song emphasized at the 13th plenum of the Sixth party Central Committee that all the functionaries and workers must continue to maintain and highly display a revolutionary nature in keeping with the requirements of present development; quotes Kim Il-song on our living in a revolutionary era, an era of struggle and our need to maintain a high revolutionary nature to counter the evil machinations of anti-revolutionary forces; states that the major construction tasks and the 200 day battle are vast and urgent to an unprecedented degree as to scale, goals and battle speed; states that to display a high revolutionary nature and vigorously expedite the 200 day battle, a firm resolve to solidly trust the party and leader and to bring the party's plan to completion must be coupled with revolutionary optimism; calls for the workers in all sectors of the national economy to actively look for internal reserves, normalize production at a high level and frugally struggle to accomplish unconditionally their quotas by day, 10 day period, monthly and quarterly; calls upon party organizations to muster all the forces of propaganda and agitation to deepen and intensify mass political work through forceful propaganda and agitation work and feverishly create a very high political and ideological environment throughout the country; exhorts the functionaries engaged in the 200 day battle to go down below and perform mobile battle direction with a high revolutionary nature, share bed and board, joys and suffering with the masses and strive to realize the party's plan through practical achievements.

On 18 May 1988, at the upper right of page 1, the paper carried an editorial entitled, "The Aspirations of the Kwangju Uprisers Should Be Realized." [Text published in FBIS DAILY REPORT EAST ASIA, FBIS-EAS-88-109, 5 June 1988, pp 17-19: "Views on Anniversary of Uprising." Summary also published in Ibid., FBIS-EAS-88-096, 18 May 1988, p 8: "Dailies Carry Articles on Kwangju Uprising."]



On 19 May 1988, at the upper right of page 1, the paper carried an editorial entitled, "May the Functionaries in the Agricultural Sector Energetically Organize and Direct the Farming Battle." The editorial quotes Kim Il-song, "All guidance functionaries in the agricultural sector must properly guide all farm work scientifically and technologically according to the demands of *chuche* farming"; notes that this is the season for transplanting and that one cannot conduct today's momentous battles with yesterday's methods or experience but only through organized and planned guidance and scientific and technological guidance and mobilization of all the manpower and machinery to accomplish the task of seedling transplanting; notes that a functionary who is ignorant or darkened to reality is not only unable to lead others but is likewise unable to carry out operational and functional command; calls for the functionaries to operate under the principle of setting the standards by one's own example and particularly for the cooperative farm management functionaries to emulate the Korean popular revolutionary army commanders who stood in the forefront leading the battle through self-sacrifice; exhorts party organizations and three revolutions teams in the rural management sector to energetically organize and direct the ensuing seedling transplanting battle and thereby repay with their loyalty the tremendous trust of the party and leader.

On 20 May 1988, at the bottom of page 1, the paper carried an editorial entitled, "Warm Welcome to Comrade Joaquim Alberto Chissano, President of the People's Republic of Mozambique." The editorial extends warm welcome to President Chissano and his entourage on their visit to Korea at a time when the whole country is engaged in the 200 day battle to bring about new upswings in socialist construction to celebrate the 40th anniversary of the founding of the republic with high political zeal and shining labor successes; notes that President Chissano has already visited Korea three times and has become a close friend of the Korean people; recounts the ties between Korea and Mozambique in the domains of politics, economy and culture and the peoples of the two countries are mutually supporting and helping each other in achieving the cause of anti-imperialism and autonomy; quotes Kim Il-song, "Mozambique is a respected newborn independent state on the African continent which maintains autonomy and is vigorously going forth along the path of socialist development"; notes that Mozambique has established its "Economic Reconstruction Plan" for 1987-1990 and is waging a struggle to solve the food issue and consolidate the national industrial base; states that Mozambique adheres to the socialist and non-aligned policies as an African front state; emphasizes that the party and governmental delegation which is now visiting Korea supports the Korean people who are now struggling to achieve the complete victory of socialism and to hasten the peaceful, independent reunification of the country; concludes with the hopes of the Korean people for the successful visit of the party and governmental delegations from the Peoples Republic of Mozambique.

On 24 May 1988, at the upper right and center of page 1, the paper carried an editorial entitled, "Let Us Further Heighten the Role of the Three Revolutions Team Members in the 200 Day Battle." The editorial quotes Kim Il-song on the need for carrying out the three revolutions, ideological, technological and cultural as the party's general line which must be performed this year as well; stresses the importance of the role of the three revolutions teams in the 200 day battle; notes that the revolutionary zeal and creative positivism of the masses is a precondition for victory in the 200 day battle and that the three revolutions team members must follow the party line on giving priority to the ideological revolution, go among the masses, work with people and vigorously perform ideological indoctrination toward fulfilling their assignments in the 200 day battle; stresses that today's grand construction struggle and the 200 day battle are in reality speed battles requiring meeting extremely high goals in a very short time; calls upon the members of three revolutions teams to wage the technical revolution in order to fulfill all goals with present equipment and materials on hand; stresses the importance for party organizations at all levels to help the three revolutions teams contribute to the 200 day battle and pay heed to the opinions expressed by the three revolutions team members.

On 25 May 1988, at the upper right and center of page 1, the paper carried an editorial entitled, "The Path of Glory Which the GAKRJ Has Walked Embracing the Rays of *Chuche*." [Summary published in FBIS DAILY REPORT EAST ASIS, FBIS-EAS-88-101, 25 May 1988, p 21: "Papers Observe Anniversary of Chongnyon."]

On 26 May 1988, at the upper right and center of page one, the paper carried an editorial entitled, "The Rewarding 200 Day Battle Is Calling the Youth to Greater Exploits." The editorial quotes Kim Il-song, "Today there is no greater glory of the socialist construction worker nor anything more rewarding than all the zeal, wisdom and capability of the youth to devote themselves totally to socialist construction of the fatherland"; stresses that the youth are the forerunners and most active persons responsible for remaking nature and society; notes that the 200 day battle is an important battle connected with the prospects for accomplishing the Second 7-Year Plan; states that the beloved comrade leader, Kim Chong-il, is presently wisely organizing and leading the struggle for the 200 day battle victory and the party's trust and expectations for the youth is considerable; emphasizes that the fiery resolve and steadfast will to unconditionally accomplish the duties which the party and leader have given them is the basic source of extraordinary ardor and everlasting strength in the 200 day battle; calls upon the youth to effect heroic exploits in the 200 day battle and display a high revolutionary nature, indomitable struggle character and combat might as well as self-reliance and imperturbable revolutionary spirit to create miracles and innovations; notes that it is important to heighten the role of the League of Socialist Working Youth (LSWY) organizations in arousing the



youth to the major construction battle in conformity with the special nature of the youth; calls upon party organizations to intensify party guidance of the LSWY organizations so that the youth will always fulfill their role in major construction projects as vanguards and shock troops and thereby display the spirit of chuche Korea youths endlessly loyal to the call of the party and leader.

On 27 May 1988, at the bottom of page 1, the paper carried an editorial entitled, "Emissary of Friendship of Brotherly People." The editorial extends warm welcome to Comrade Milose Jakese, general secretary of the Central Committee of the Communist Party of Czechoslovakia and his entourage; notes that the friendship and cooperation between Korea and Czechoslovakia are developing day by day and General Secretary Jakese's visit to Korea holds great significance in developing the relations of friendship and cooperation between the two countries, two parties and two peoples' states that Kim Il-song's visit to Czechoslovakia in 1984 was a great event etched in the annals of history and the return visit by General Secretary Jakese is as major contribution to the development of the ties between the two countries; notes that the Czechoslovakian people are presently struggling to implement the decisions of the 17th plenum of the party central committee under the leadership of General Secretary Jakese and fulfill the quotas for the second year in the Eighth 5-Year Plan, having already gained a 2.4 percent increase in per capita income and 1.9 percent increase in gross industrial product; notes that Czechoslovakia recently proposed establishing a zone of trust, cooperation and good neighbor relations on the line separating the Warsaw Pact countries from the Nato countries thereby contributing to easing of tension and promoting stability among the countries of Europe; concludes by stating that the Korean people are certain that the ties of friendship and cooperation between the two countries will further solidify and develop through the joint struggle against imperialism and to achieve peace and the victory of the socialist cause.

On 29 May 1988, at the lower third of page 1, the paper carried an editorial entitled, "New Proposal for North-South Negotiations Is an Encouraging Banner That Brilliantly Illuminates the Road Toward Peace and Peaceful Reunification." [Text published in FBIS DAILY REPORT EAST ASIA, FBIS-EAS-88-104, 31 May 1988, pp 12-14: "Daily on Kim Il-song's Unity Plan."]

8446/12232

## MILITARY

### SANKEI SHIMBUN Looks at Tensions, Pre-Olympic Situation

41050068 Tokyo SANKEI SHIMBUN in Japanese  
20-24 May 88—FOR OFFICIAL USE ONLY

[20 May 88 p 1]

[Text]

### Military Tensions or Dialogue Revival?

A report has been produced under the direction of Prime Minister Takeshita which analyzes the possibility of north Korea's using obstructionist tactics against the Seoul Olympics. The report illustrates 20 choices north Korea can make, and these can be separated into 3 main categories.

The first is activity to create military tensions. This includes bombardment of the ceasefire line (the 38th parallel), infiltration of armed guerrillas, missile attacks into south Korea, and attacks on airplanes.

The second is activity aimed at creating chaos in south Korean society. This includes destruction of important facilities, assassination of VIP's, and hijackings, and causing widespread epidemics.

The third is activity directly targeted at the Olympics. This includes demolition of communications facilities and facilities related to the games, and terrorist acts directed at the athletes.

The report indicates that the most probable action is military action, and then the destruction of Olympic facilities and terrorism against athletes and tourists, and warns that tensions will heighten from August through the end of the Olympics.

Aside from the correctness of the report, the government offices of peaceful Japan are certainly in an extraordinary situation where they must be on their guard based on predictions of terrorism by a neighboring country.

The Olympic strategy of north Korea has undergone many twists and turns. At the earliest, when the "Seoul Olympics" were becoming a reality, the government unfolded a campaign that "holding the Olympics on the Korean Peninsula, which is under quasi-wartime conditions, does not suit a festival of peace." When this failed, north Korea appealed to the socialist countries, including China and the Soviet Union, not to participate and, in this way, attempted to force the Olympics into being considered an illegitimate gathering. However, China and the Soviet Union did not respond. Consequently, north Korea began to advocate a "North-South Korean Joint Games." However, consultations with south Korea and the International Olympic Committee (IOC) ended in disharmony. During these negotiations, the Korean Air Line (KAL) bombing occurred on 29 November 1987.

According to authorities on Japanese-Korean relations, north Korea held a major party Congress in October right before the KAL bombing. These experts believe that the possibility is strong that this congress shifted the Olympics strategy from "joint sponsorship" to "obstruction." As an illustration of that, the Chosen Soren General Association of Korean Residents in Japan (Han Tok-chu, chairman), which had strongly urged



Japan to "support a jointly held Olympics" at that same time, suddenly toned down this appeal after October. Quite a few public security authorities began to take actions that appeared to be in line with a change within the party Central Committee toward a hard line.

North Korea's external activities are accomplished by two systems: political and military.

In the party, there are the Liaison Office of the Korean Workers Party, which plays the role of headquarters; the Research Office, which is the equivalent of actual tactical units; and the Unification Front Office, which assists the south Korean antigovernment movement. The Liaison Office is estimated at having 3,500 workers (the office chief was Politburo candidate member, Chong Kyong-hui, a female athlete, but it is unknown who has been the chief since 1986). Moreover, more than 150 special workers have been trained by the Research Office and appear to work with their counterparts in the Unification Front Office for a total of 450 persons. The result is about 30 Employee Training Offices. Kim Hyon-hui, who is a suspect in the KAL bombing incident, was a member of the Research Office. On the other hand, more than 120,000 special forces (Special 8th Army), exist in the military. The soldiers who plotted the assassination of south Korean President Chon Tu-hwan during his visit to Rangoon, Burma, and slaughtered many south Korean officials present belonged to this unit.

North Korea has special military forces among the 800,000-man regular army, which is maintained at an expense costing more than 20 percent of the gross national product (GNP), and also sustains "black units" under the command of the party. These are mobilized occasionally on the basis of political decisions. The north Korean leadership has recognized that the Seoul Olympics will markedly hurt the prestige and international status of north Korea in its competition with a surging south Korea. However, a frontal attack on a "festival of peace and sports" is difficult to set up. It truly is most suitable for the special forces and the "black units" to take their turn.

What if the KAL bombing incident had ended with the truth still unknown? Many north Korean-watchers point out that a second or third incident could have occurred, and a dark cloud would have been cast over the Seoul Olympics. This was the scenario probably drawn up by north Korea.

However, such an obstructionist strategy by the North was completely undone with the arrest and confession of Kim Hyon-hui. A road still open to north Korea, which has had difficulty resorting to terrorism, is to revive dialogue, which is the exact opposite, along with producing military tensions at times that suit it. This is because the world, including south Korea, is urging it to participate. Already subtle activities, such as seeking Japan's

reaction to its participation in the Olympics via the Korean Association in Japan, has reached the antennas of the Japanese Government.

For north Korea, which is facing an economy on the verge of collapse and whose international isolation has deepened, "the success of the Seoul Olympics," which picture it as an outcast, is something it never wanted to see. The country can be said to be backed into a corner, where, according to Katsuo Sato, editor of the journal KOREA, it can either "sit and die, or fight and die."

One-hundred and twenty days remain until the opening ceremonies. In the words of Hajime Tamaki, an expert on the Korean Peninsula issue, "The North is still wavering on its final decision."

[21 May 88 p 1]

[Text]

#### "Pick the Fruits Movement" in "Paradise"

"I make my way through life freely under the Great Leader (Chairman Kim Il-song) and his beloved leading comrade (indicating Party Secretary General Kim Chong-il, his son). There is nothing that I desire."

A north Korean citizen said this last year to a relative from Japan who was visiting north Korea when the two met at a Pyongyang Hotel. This relative, who was wearing brand new clothes, appeared truly grateful.

However, as soon as they were a distance from the hotel attendant watching them and were in the hotel garden, his attitude changed completely. Then he said the following while crying: "What I just said was all a lie. What I am wearing is borrowed. My hair is actually white, but it was dyed black 3 days ago. My life is only filled with bitterness. In any case, please send money back.... If I attract notoriety, I will be banished to the hills. Once you are banished to the hills, there is no second chance. To survive in north Korea, there is no way other than to see no evil, hear no evil, and speak no evil, like the three monkeys of Nikko."

This sort of gloomy report is nothing unusual for Korean experts, but the situation has worsened over the past 2 to 3 years.

In addition, a Western journalist, who visited north Korea last year for a week and passed through Pyongyang and Wonsan, was startled that the only two north Koreans he saw who were fat were Chairman Kim Il-song and Central Committee Member Ho Tam. The rest were all scrawny.

According to Korean experts in Japan, the allocation of food in north Korea is 700 grams per adult, 500 grams per student, and 300 grams per elderly person and child, and 15 percent of the allocation of 5 years ago has been



cut on the grounds of storage for wartime. Three years ago 5 days' portion out of every month was cut on top of that. That is deteriorating still further from a year ago, and now food is only allocated 3 to 4 days a week.

Recently, the talk has been that empty jars are highly valued in the North. Originally, the allocation of food was 30 percent rice and 70 percent corn chaff, but recently the situation has become more severe, and cooked rice is down to zero percent. Consequently, people are eating rice gruel as their main staple, and they struggle for empty jars for their children's lunches.

The "pick the fruits movement," which started 2 years ago and the "eat twice a day movement," which unfolded last autumn, have been confirmed by the West.

The following is the testimony of a cargo seaman who traveled to north Korea: "Previously, when we desired wine and tobacco, there was much to be had, but lately we are only given cooked rice." Some people are even hunting for scraps of rice.

Certain people used to say that north Korea was "paradise on earth." However, let us look at the number of Korean residents in Japan who return to Korea each year. According to the table, a rapid decline of Koreans in Japan returning to north Korea began in the 4th year, 1962 and, since 1980, less than 50 people have returned. The figure has been down to zero since 1985. The precipitous decline of returnees may have to do with the word spreading among the Koreans in Japan that instead of being a "heavenly kingdom," North Korea is a "frozen earthly republic."

The shortage of goods is severe and extends to matches, soap, and sugar. NODONG SINMUN, the Korean Workers Party's newspaper, is pleading for conservation of salt. People who visit north Korea are saying, "The situation is the worst since visits to north Korea have been permitted."

The deterioration of the food situation has been largely caused by the great impact of natural disasters since 1985, and essentially, the state of the north Korea nation is reflected by the current poverty.

Ichiro Takada, a former trading company employee who lived in Pyongyang from 1982 to 1985, says, "The technocrats have no authority in north Korea, and the president of the Bank of Trade is nothing more than a teller." The door has been relatively open for people dabbling in trade, but according to Takada, "Eighty percent of them are beyond hope. If they sign a contract today, they calmly say that they will ship tomorrow."

While military expenditures have reached more than 20 percent of the GNP, the country has acquired a debt of \$3 billion. While the government is applying agricultural products to its repayment, it is supporting the Third World with agricultural products.

The heavy pressure of the cult of personality is added on top of that. North Korea is a country where the large buildings are striking, and 50,000 of them or so across the land are adorned with a picture of Kim Il-song. The largest is in front of the History Museum in Pyongyang; its height is 33 meters and the head of the great man is like a big peony.

Keio University Professor Masao Okonogi points out, "North Korea lacks humility. Although China has worked out a first stage of socialism theory and the Soviet Union is tackling perestroika (restructuring), north Korea insists it is at the highest stage of socialism. North Korea needs self-reform first of all."

Table. Number of North Korean Returnees

Year	Returnees	Aggregate total
1959	2,942	2,942
60	49,036	51,978
61	22,801	74,779
62	3,497	78,276
63	2,567	80,843
64	1,822	82,665
65	2,255	84,920
66	1,860	86,780
67	1,831	88,611
68	0	88,611
69	0	88,611
70	0	88,611
71	1,318	89,929
72	1,003	90,932
73	704	91,636
74	479	92,115
75	379	92,494
76	256	92,750
77	180	92,930
78	150	93,080
79	126	93,206
80	40	93,246
81	38	93,284
82	26	93,310
83	0	93,310
84	30	93,340
85	0	93,340
86	0	93,340

Source: Ministry of Justice Research (up to June, 1986; 1968-1970-repatriation was halted)

[22 May 88 p 1]

[Text]

### Is the Grape Faction the Vanguard of an Open Society?

The worldwide airline timetable, ABC, contains the listing of the departing passenger and cargo flights around the world. If we look for "Pyongyang departures," we find a mere 15 flights (8 of them passenger flights). In a book several centimeters thick and close to



5,000 pages, it occupies no more than a mere side of a page. This is just one example illustrating how closed a country north Korea is. (By the way, Narita's departures take up 23 pages.)

The insulation from foreign influences is the flip side of the thorough domestic control system.

For example, there is the dreadful political class system. Since 1965 records on the movement of the citizenry have been developed which trace families back for 3 decades, and 51 "component classes" were established in 1971. These include such classes as descendants of the revolution, honored soldiers, returnees from Japan, and antiparty elements. They are divided into three broad areas: the core class (28 percent), the wavering class (45 percent), and the enemy class (27 percent). These are nicknamed the tomato group, apple group, and grape group, respectively.

People of the tomato group are "red" both on the surface and in their hearts. People of the apple group are "red" on the surface but "white" in their hearts. People of the grape group are never red, either on the surface or in their hearts. This is truly ideological apartheid.

Half of the people living in Pyongyang belong to the tomato group. They receive special treatment, and the percentage of rice in their food allotment is high. Only children of the tomato group receive a university education. Moreover, when someone flees the country, his whole family becomes grape group members.

According to the Public Security Investigation Agency, which is strong in intelligence on north Korea, within the core class the top class of officials in the party, military, and government offices makes up an even more specially privileged class "on top of the clouds." They number about 2,000 families and receive provisions from special stores, such as one top quality set of clothes each summer and winter, one pair of shoes each year, one overcoat every 2 years, 30 packs of tobacco every 2 months, and 12 kilograms of meat every month.

The heart of the core group is the Korean Workers Party (the communist party), and the total party membership is extremely high (15-16 percent of the population whereas China and the Soviet Union average 3-5 percent).

Each party member is given a job responsibility in his organization known as "allotted work." The achievements of "allotted work" is considered "the accomplishment of a revolutionary task." When the accomplishment is slow, the individual has no alternative but to undergo self-criticism at a general facility known as the "blast furnace of ideological discipline."

The citizens have no freedom to live in a place or move from it. It is extremely troublesome to acquire a certificate for travel, and only the privileged classes can

consider leisure travel. Cameras are controlled items and cannot be owned unless registered. Radios have their dials fixed, and if a foreign-made set is purchased, its dial is promptly fixed except for those owned by officials. Television broadcasts run from 5-6 pm to 9 pm. Because the same programs are repeated for 2 to 3 days in a row, no program guide is contained in NODONG SINMUN.

This system of ideological control and information insulation throughout the country has begun to become undone of late.

The vanguard is the grape group residing at the Chinese border in the north.

Recently, Yu Song-il and Kim Chang-hwa, two escapees from north Korea by way of China, have brought in medicines, Western clothing, shoes, and hand mirrors, and are exchanging them in north Korea for gold dust and marine products, such as beche de mer, octopus, and squid. The necessities of life received in this fashion sell for six to seven times their worth inside north Korea.

North Korean authorities tacitly consent to this to a certain extent out of consideration for the shortage of goods. This is clear from the fact that even if someone is exposed to the authorities, they can avoid punishment by giving the officials some of the goods as a bribe.

There are 1,250,000 Koreans living on the Chinese side of the Chinese-Korean border. If these Koreans have transit passes, they can enter north Korea. Twenty buses shuttle between Nanyang in north Korea and Tumen in China each day. They carry both people and information about the West, the conveyor of an open system. The Chinese-Korean border is becoming the forerunner region of an open system.

The attitude of trying to introduce Western things is also appearing in the government. Recently, a foreign goods store called "Paradise" was opened in the major cities, and everyone was allowed to enter.

Pyongyang has a disco and three hotels. Thai and Hong Kong waitresses provide service in their restaurants.

Information of foreign countries is being disseminated widely by such word of mouth as "secret rumor network," and the view is strong in the West that the closed society of north Korea has no alternative but to gradually open up. Chairman Kim Il-song has issued a warning about opening up, saying "The development of science and technology is necessary, but young people first learn the bad things." Although the coercion to study Kim Il-song thought has not changed in the workplace, there is intelligence that people are actually not taking notes while studying his thought.



The closed society and control system of north Korea clearly exceed China's old system. The conflict which openness and liberalization causes a society will also clearly be more intense than China. The person who knows that fear well is Chairman Kim Il-song himself.

[23 May 88 p 1]

[Text]

### Will Kim Chong-il Become a God?

A Japanese trading company employee was riding a bus in the north Korean capital of Pyongyang when he noticed that although many passengers were standing, there was a seat with a bouquet placed on it. When he asked what this was for, he was told that Chairman Kim Il-song had sat in that seat.

In north Korea Kim Il-song is given reverence beyond that of a god.

There is the Kim Il-song Longevity Research Institute, which is a unique research institute that only considers the health of Chairman Kim Il-song as its subject.

The Paektusan Production Company makes movies only about the family of Kim Il-song. Consequently, there is an actor who only plays Kim Il-song. Farms known as the Chairman's Farms, which harvest food only for Kim Il-song's family, are everywhere. When farm workers enter the farm, they first cleanse their bodies. The use of manure is prohibited. They are even preparing flowers to bloom on the birthday of the chairman (15 April).

The cult of personality in north Korea accelerated when his son, Kim Chong-il, took the stage as his successor in 1973.

Secretary General Kim Chong-il has promoted the cult of personality by organizing Three Revolutions teams, which are similar to China's Cultural Revolution teams. At the eighth plenum of the Fifth Korean Workers Party Congress in 1974, the "Ten Great Principles of the Establishment of the Unique Ideological System of the Party" was adopted.

Its contents were: 1) to be loyal and revere Chairman Kim Il-song; 2) to make the power of Kim Il-song absolute; and 3) to thoroughly observe these unconditional principles in carrying out the instructions of Comrade Kim Il-song.

The strategy of the father and son appears to be to bequeath the cult of personality and deification of Chairman Kim Il-song, which has reached its peak, to Kim Chong-il, his heir, and to strengthen his authority while warding off criticism after his death.

According to authorities on Japanese-Korean relations, when the Central Committee session recently opened in north Korea, the Political Consultative Group, which is not in the party bylaws, became the highest decisionmaking body. Other than Kim Chong-il and Minister of the People's Armed Forces O Chin-u (both permanent members of the Central Committee), only one or two persons sit in this body. The decisions are reported after the fact to Kim Il-song, who does nothing. Kim Il-song still manages foreign affairs today, but Kim Chong-il has the authority in other fields.

However, material is piling up over the uneasiness about the future of Kim Chong-il.

Last October, senior researcher Selig Harrison of the Carnegie Foundation visited north Korea and then spoke with Chinese authorities on north Korea in Beijing. At that time, the Chinese volunteered, "There is conflict in north Korea between the moderate faction and the hard-line faction. We would like the United States to assist the moderate faction." Kim Chong-il appears to be at the head of the hard-line faction today, but one cannot predict how the conflict over ideological lines will develop into a power struggle.

Virtually all Western experts point out that there is deep-rooted resistance to Kim Chong-il as the "heir to the throne."

In May of last year, Kim Il-song declared that "the problem of succession of the revolutionary enterprise has been resolved satisfactorily." However, the party paper, NODONG SINMUN, in July of that year passed down Kim Chong-il's words that "some activists exist who have erroneous thoughts about the *chuche* idea and the revolutionary leadership vision."

There is no sentiment even now to hold the next party congress which Chairman Kim Il-song declared would be held during 1986. What does the fact that the Congress is slow to formally approve Secretary General Kim Chong-il as the successor mean?

The trend of the military is especially becalmed at present. As a result of Secretary General Kim Chong-il picking soldiers who were his personal favorites for top posts, the ranking within the military has been thrown into chaos, and such confusion emerged as a 40-year-old chief of the General Staff commanding military seniors. That chief of General Staff position changed hands in February of this year when O Kuk-yol of Kim Chong-il's staff was replaced by old veteran, Cho Kwang. On 17 May, a senior soldier, Chun Mun-sop, was announced as vice minister of defense. What does this comeback of the old guard signify?

Kim Chong-il has mainly spent the past 15 years in charge of the proclamation of Kim Il-song thought and the construction of commemorative buildings, such as triumphal gates. His experience in economics is shallow



and were he to go out and make inspections, the local area receiving the visit would be thrown into chaos. One such episode occurred in 1986 when he visited the construction site of the People's University Study Hall in Pyongyang and ordered its entrance to be changed since it was too small for Chairman Kim Il-song to pass through at the opening ceremony.

Kim Chong-il is never without a foreign cigarette in his hand. He frequently appears in an informal jacket when VIP's line up to receive decorations. When he visited China in 1985, he tossed a bouquet he had received to Minister of the People's Armed Forces O Chin-u, who was behing him. The Chinese assessment of Kim Chong-il is that he is "eccentric and egotistical."

There is intelligence that in 1984, when Chairman Kim Il-song visited the Soviet Union officially for the first time in 23 years, he was startled by the viciousness of the criticism of north Korea and called an emergency conference after returning home, where he reprimanded Kim Chong-il and others.

Chairman Kim Il-song, from August 1987 to the end of the year, visited farms in every part of the country eight times. This was unusual since he ordinarily makes such visits only once a year. He did not seem to be confined.

Experts on the Korean problem are skeptical about the stability of Kim Chong-il's position after Kim Il-song's death. Moreover, what is "next" is a system that consists only of Kim Chong-il. This is why Keio University Professor Masao Okonogi says, "One misstep by Kim Chong-il, and civil strife will ensue."

[24 May 88 p 1]

[Text]

#### **Can North Korea Be Indifferent to South Korea's Superiority?**

Former south Korean President Chon Tu-hwan said in 1984 that "if south Korea continues its growth as is and invests 6 percent of its GNP into military expenditures, it will be able to resist north Korea on its own by 1988."

Therefore, 1988 is not only a year for south Korea, second only to Japan in Asia, to boast about holding the Olympics. Because of the growth of its economy, it can stress that this is the time when it is surpassing north Korea in all sorts of fields. That has come to be an increasing irritant for the north Korean leadership.

The Korean Peninsula is the sole region where the post World War II cold war structure remains in place today, 37 years after the Korean war (1950-53). Large armies consisting of 1.5 million troops face each other across a small military front of 250 kilometers.

The military balance on the Korean Peninsula up to now has been presumed to be in north Korea's favor. That will most likely change before 1990.

The military expenditures of south Korea have dropped to 5.5-5.6 percent of the GNP (north Korea's are more than 20 percent of its GNP), but it appears certain that south Korea's military strength will catch up with north Korea's in the 1990s. According to the experts, south Korea's gross military expenditures since over the past 3 years are more than \$500 million greater than north Korea's. Hideo Takesada, a defense specialist, says, "The military balance of power between north and south Korea will be 50:50 by 1991 or 1992."

In 1991, the first south Korean produced F-16, the advanced fighter jet that south Korean firms are producing under license and in cooperation with U.S. firms, will be deployed.

The gap between the GNP's of south Korea and north Korea was 5.1:1 in 1986, and this is certain to widen greatly in the future.

According to Shinichi Tanabe, the editor of KOREA REPORT, "The military balance of power between north and south Korea will change suddenly in favor of the South and will then widen because of the gap in the economic strength of the two countries."

North Korea's south Korean strategy is to work on two fronts: the military front by armed force and the peace front by negotiation. That is apparent in the manner in which the strategy is carried out: 1) the excavation of a military tunnel to infiltrate the South while in the midst of the North-South dialogue and 2) the carrying out of the Rangoon bombing incident which aimed to assassinate President Chon, directly after proposing tripartite talks among the United States, south Korea, and north Korea. The north leads with armed liberation tactics and follows with a peace offensive—everything it tries is parried by the South.

There is intelligence that Kim Chong-il recently proclaimed in north Korea, "We will fight one day. When we fight, we must preserve the honor of the party and win."

In the military, the spread of battle slogans and military songs by the People's Army is reintensifying. The troops have begun to sing during morning and evening inspections, at various gatherings, and during training. For example, there is the slogan, "The great leader just commands us, and at once we will break through the lines and sweep away the U.S. imperialists from our soil," and the military song, "We are prepared to fight." (This is based on information from a noncommissioned officer who escaped from north Korea the year before



last.) It is also reported that Minister of the People's Armed Forces O Chin-u has boasted, "When the order comes down, we will liberate south Korea within a week."

Up to now north Korea has assessed all of its policies by "whether it will play a role in the south Korean revolution." This focus on the "South Korean revolution" extends to everything, including economic reconstruction, education, culture, and art. This will end with the "unsought victory." However, this is its attempt to maintain the superiority over the South that it had strenuously built. This year, 1988, the year in which the Olympics will be prosperously conducted in Seoul, the capital city of south Korea that is a mere 40 kilometers from the 38th parallel, will be the watershed year in north-south relations in every sense.

As Tanabe has said in KOREA REPORT, "The question is whether the North is a paper tiger, or whether it has just enough strength to cause a limited war. Unless it can do that, it can only watch the events occur from the sidelines." Moreover, Keio University Professor Masao Okonogi analyzes: "The present situation is one wherein irrespective of north Korea's launching an offensive, it will not be able to do anything." The view of Hideo Takesada is that "with its present strength, north Korea would have difficulty capturing Seoul."

How will north Korea's "southern liberation strategy" turn out in face of its severe reality?

North Korea, at the Sixth Korean Workers Party Congress in 1980, worked out the "Korean People's United Republic Concept," which took as a prerequisite, "the coexistence of the systems that presently exist in the North and South." However, Hwang Chang-yop, secretary in charge of foreign affairs, said to Selig Harrison, a senior researcher at the Carnegie Foundation in the United States, who visited north Korea last autumn, that "the Korean People's United Republic is the final stage." In short, his statement allowed for "one country, two systems." Chairman Kim Il-song also made a similar statement to Shin Sang-ok, a Korean expatriate film director who fled from north Korea to the United States.

However, for 40 years north Korea has adopted the premise that unification as one country is its goal and referred to this as "the liberation of southern Korea." For the north Korean leadership, which has forced upon its people an extremely difficult to endure lifestyle in order to achieve that goal, to abandon "liberation" presents a problem that reaches to the foundation of the regime. North Korea is truly caught between a rock and a hard place.

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## ECONOMIC

### Seoul Weekly: Low Worker Morale Means Low Production Output

41070077 Seoul NAEWOE TONGSIN in Korean  
No 590, 27 May 88 pp 1A-8A

[Text] In north Korea, where private property rights as well as private profit-seeking activities or economic freedom are absolutely prohibited, the citizens do not feel any need to work hard or use their brains.

That is why the north Korean people are in the habit of acting according to orders only to avoid troubles, and they tend to submit themselves to the underestimation of their abilities.

The north Korean Government devised two methods to overcome such a negative effect that arises from the ownership system. One such method is the "socialist emulation movement" that stimulates the competitive spirit of a human being to the extreme, and the other is the "ideology indoctrination work" that attempts to turn a human being into an instrument or machine.

Of these, the socialist emulation movement takes the following three forms: the first is the labor emulation movement among the factories, work sites, work details, and even individuals; the second is various social labor movements; and the third is the timed labor struggle movement.

The labor emulation movement means a competitive movement aimed at exceeding a production target among factories, work sites, work units, and individuals within the work units.

In other words, the production work unit that runs ahead of all other units must continue its superior labor struggle in order to maintain its lead in achievement, while the production work units that fall behind must launch an even harder labor struggle in order to surpass or catch up with the front-runner. In most cases, such a struggle is carried out not by the orders from the head offices but voluntarily by the organizational decision in the name of extracurricular labor, holiday labor, supplementary labor, etc.

The socialist labor movement includes the "chollima" movement, "saetbyol bogi" [ceaseless work] movement and speed battle movement. Since the liberation of Korea, north Korea has launched countless socialist labor movements thus far.

Among the labor movements that north Korea has recently launched are: "the loyalty speed battle movement," "the movement to learn from the example of unsung heroes," "the movement to set a new record and new standard," "the movement to create the speed



battle of the eighties," "the movement to pick mountain fruits," "the movement to grow medicinal herbs," and "the movement to collect scrap iron."

The timed labor struggle movement is different from the labor emulation movement in that it has a specific timetable for the labor mobilization movement, and it is different from the social labor movement in that it has specific tasks and objectives of the struggle.

Thus, the timed labor struggle is a labor struggle which carries a responsibility for and duty of attaining specified tasks within a given time limit. Since it is not a simple labor mobilization or labor emulation but a fierce struggle that concerns a matter of life and death, north Korea calls it "combat."

In most cases, the timed labor struggle is planned to give a productive meaning to the celebration of Kim Il-song's birthday (15 April), the government foundation day (9 September), and the party foundation day (10 October). Thus, depending on the commencement date, the timed labor struggle of a short-term type is called 70-day combat and 100-day combat, and the long-term types are called 200-day combat and 300-day combat.

The 70-day combat, which was launched in October 1974 by Kim Il-song's orders, lasted from 15 October to 26 December 1974. The purpose of this combat was to give a boost to the economic work of 1974 which was in a very poor condition.

The 100-day combat has been launched three times thus far. The first of them was decided in May 1978 at Anchu Coal Mine, which later spread all over north Korea, lasted from 29 May to 9 December. The second was decided in June 1976 by Kim Il-song's orders and lasted from 1 July to 8 October. The third was decided in June 1980 by Kim Chong-il's orders and lasted from 1 July to 8 October.

Besides, there are timed labor struggles based on departments, sections, groups, etc. For example, there are "200-day Combat for Going Out Fishing" and "300-day Combat for Going Out Fishing" in the area of fishery, "100-day Combat for Accident-Free Tractors" in the area of railroad transportation, and the "Movement to Help Agrarian Workers" in the agricultural area.

At present, the 200-day combat is in progress in north Korea, which began on 20 February this year and will last until 9 September which is the 40th anniversary of the north Korean Government foundation. This 200-day combat was decided at the meeting of the Political Bureau of the Labor Party.

The purpose of launching the 200-day combat, which was never carried out before, is said to "hold a great, brilliant, victorious celebration of the 40th anniversary of the republic's foundation"; however, it seems that the real purpose is to solve more serious problems.

When the 200-day combat was decided, north Korea adopted a letter addressed to all members of the party. The letter pointed out, "History shows that every time the antirevolutionary forces take a superior offensive, two opposite forces appear. One is the force that betrays the revolution and surrenders to the enemy, and the other is the true revolutionaries who fight head-on against the enemies while uplifting the revolutionary banners flying high." This means that the purpose of the 200-day combat must be carried out to drive out the antirevolutionary forces and the traitors that appear in the solemn process of carrying out the Third Seven-Year Plan.

While announcing the 200-day combat, north Korea adopted 200 some "slogans" that include the tasks to be carried out during the period. These tasks comprise almost all construction works that are currently in progress in north Korea. Some of the major tasks include: building an electric power generation capacity of 1.2 million kilowatts per hour within the first half of the year upon completion of the construction of Taechon Power Plant and Wiwon Power Plant, the second-stage extension work of Kimchaek Steel Mill, construction of a new steel manufacturing plant with a production capacity 2.5 million tons [per year], extension work of Musan Mine, construction of Sunchon Vinalon Plant, construction of Sariwon Potash Fertilizer Plant, railroad construction in the northern region, construction of Kwangbok Street in Pyongyang, and completion of construction of Angol Sports Village.

In addition, included in the tasks of the 200-day combat are: security of equipment and materials, transition for agricultural production, advancement of fisheries, solution of transportation problems, improvement of science and technology, and advancement of cultural level. Also included in the 200-day combat tasks are: the Chongsanri method, realization of the Taean work system, and strengthening of the economic organizational work.

Thus, during the period of the 200-day combat which is currently in progress, north Korea must launch labor struggles in all areas, including economic, political, social, and cultural areas.

We think the reason why north Korea must launch the 200-day combat is not only because it is suffering from extreme economic hardships but also because it is being pushed to the defensive in the South-North relations because of the KAL incident and the 1988 Olympics in Seoul as well as the deepening confrontation between the hard-liners and the moderates within the power circles regarding these problems.

In connection with such a variety of problems, north Korea has launched the 200-day combat, and it is expected that the north Korean government will use the 200-day combat as an excuse to maximize the labor mobilization, to tighten the control of residents, and to suppress the disturbances within the power circles.



### Labor Struggles and the Productivity Problem

No matter what type of socialist emulation movement, it is the most painful thing for the north Korean residents.

That is because the socialist emulation movement in north Korea is carried out without any incentives and because individuals are completely deprived of legal holidays and leisure time.

According to the testimony by Mr Choe Bong-rye, who escaped from north Korea while working as a laborer at a factory that manufactures ironworks for daily necessities, once the timed labor struggle has begun, he must work an average of 12-16 hours per day continuously without Sundays or holidays.

Even if the productive activities must cease during the combat period because of shortages in supplies of raw materials and other resources, there is not a single moment to rest because the workers must move on to the maintenance work of the machinery and facilities.

It is said that such an exploitative work that continues until the end of the combat period causes a high frequency of dozing while at work, which results in a high rate of safety-related accidents, mass production of defective goods, increasing rate of breakdown of machines, and increasing waste of raw materials and other resources.

Therefore, the problem is that although the workers can quantitatively meet the target of the increased production in proportion to the extended work hours, the resulting side effects do a great deal of damage.

Particularly during the period of the timed labor struggle, the workers become physically exhausted. Thus, the productivity falls rapidly while the workers' discontent and complaints soar.

In addition, production facilities and equipment are continuously put into full operation during the period of labor struggle, causing an overstrain. And the hard work of the laborers and technicians cause frequent mistakes which result in breakdowns, damages and interruptions in operation. Thus, the productivity falls rapidly.

Therefore, considering that the success or failure of the timed labor struggle depends on the laborers' and technicians' morale, such as ideological and revolutionary will, north Korea has adopted and conveyed "letters" and "slogans" to the people, and is emphasizing these through all kinds of propaganda media.

However, improving the productivity depends more on materialistic incentives than mental elements. Therefore, north Korea should first develop a large-scale method to improve solutions to its residents' problems of food, clothing and housing. Then, it must give its people sufficient time to rest.

13095/08309

### FOREIGN RELATIONS, TRADE

#### Moscow's Economic Support Examined

41070086 Seoul NAEWOE TONGSIN in Korean  
No 591, 3 Jun 88 pp 1J-8J

[Text] Since Kim Il-song's visit to the Soviet Union in May 1984, north Korea and the Soviet Union have been continually strengthening their friendly and cooperative relations in many areas, and the Soviet's economic and technical support toward north Korea, too, is in full swing.

Since Kim Il-song's visit to the Soviet Union, the progress of the economic cooperative relations between north Korea and the Soviet Union has been based on the establishment of the following long-term cooperative relationships: north Korean Premier Kang Song-san's visit to the Soviet Union in December 1985, which resulted in the "agreement of economic and technical cooperation" and the "treaty of economic and technical cooperation in the construction of an atomic power plant," and Kim Il-song's repeated visit to the Soviet Union in October 1986, which established an economic cooperation until the year 2000.

In particular, the "agreement in creating the joint-venture companies" and the "agreement on procedures for directly establishing the manufacturing, scientific and technological relations between the concerned organizations and enterprises" are noteworthy since they present a new type of the Soviet's economic support toward north Korea.

Most of the above agreements are to be implemented over the period of the 12th Five-year Plan (1986-1990) which is currently being carried out by the Soviet Union. The agreements encompass a total of 19 areas, including the East Pyong'yang Thermoelectric Power Plant, fire-proof material factory, expansion of Anchu Coal Mine, geological survey, mining in the Northern region, and construction of an ore-separation complex. The Soviet Union is to provide equipments and technologies in those areas.

This demonstrates that the Soviet economic support toward north Korea focuses on all of the key industries in north Korea, such as electric power, mining, steel, electric, and machine industries, and that the success or failure of the Third Seven-Year Plan of north Korea (1987-1993), which is currently being implemented, depends on it.

The following is the present status of the facilities of the key industries which are either currently under construction or being expanded with the Soviet support.



—Electric Power Industry: The Soviet support is currently being provided for the extension work of Pukchang Thermoelectric Power Plant and the construction of Sunchon Thermoelectric Power Plant, East Pyong'yang Thermoelectric Power Plant, and Atomic Power Plant.

The previous extension work of the Pukchang Thermoelectric Power Plant in March 1985 increased its output capacity of 1.2 million kilowatts to 1.6 million kilowatts. The current extension work is aimed at increasing its capacity to 2 million kilowatts.

Construction of the East Pyong'yang Thermoelectric Power Plant is planned for a 600,000-kilowatt capacity. The first phase of the construction is currently in progress and will generate 200,000 kilowatts of output. Construction of the atomic power plant, which is the first of its kind in north Korea, is aimed at a total output capacity of 1.76 million kilowatts. To this end, the issue of the Soviet support in the construction of the first 440,000 kilowatt capacity is reportedly being negotiated.

The Sunchon Thermoelectric Power Plant is aimed at a total power generation capacity of 200,000 kilowatts. With completion of the construction of the third unit in May 1988, which has a 50,000-kilowatt capacity, the plant is presently generating 150,000 kilowatts.

—Mining Industry: Currently in the works are the facility extension of Anchu Coal Mine, Kumya Coal Mine and Unpa Lead and Zinc Mine and the construction of Songjin Fireproof Material Factory.

Until 1985, the following coal mines were developed with the Soviet support: Samchonpo, Taehyang, Ipsok, Yongnim, Sinri, Chilli, and Yonpung. With development of Changdong Coal Mine in 1986 and Sosa Coal Mine in 1987, the Anchu Coal Mine now provides a production capacity of 7 million tons per year.

At present, the following three coal mines are being developed: Soho (1 million tons), Chongnam (1.5 million tons) and Hwapung (1.5 million tons).

In addition, the following works are in progress: extension of Musan Mine, which is the largest iron ore mine in north Korea with an estimated 1.3 billion tons of iron deposits, to increase its current capacity of 5.5 million tons to 10 million tons; and extension of Songjin Fireproof Material Factory (whose current production capacity is 1.5 million tons per year) which specializes in production of magnesia clinker, which is a raw material for fireproof bricks.

—Steel Industry: At present, the second-phase extension work is being performed for the Kimchaek Steel Mill to increase its current production capacity of 1.5 million tons [per year] to 2.4 million tons [per year].

In April 1988, a total of 34 items that were included in the facility extension plan, such as a large converter, have been completed. north Korea is now focusing its energy on the construction of the remaining 20 some items, such as converter shop, continuous chugyoe shop and heating furnace shop.

—Electric Industry: An extension work of Pyong'yang Enamel Wire Factory, which has a production capacity of 11 million tons [per year], is being carried out as a continuous task.

—Machine Industry: An extension work of Hwachon Machine Tool Factory was begun in February 1987, and as its first-phase project an integrated finishing shop of milling cutters is being constructed. In addition, remaining at the planning phase are construction of an integrated factory for automatic machines and construction of an integrated shop for casting.

On the other hand, in contrast to the fact that north Korea is feverish in propagating the administrative achievements of the father-and-son Kims, such as the chuche economy and self-reliance, the Soviet Union is displaying its economic influence over north Korea by claiming, whenever possible, the fact that it has provided north Korea with an economic and technical assistance in more than 60 areas over the past period in addition to the economic supports that are currently in progress as mentioned above.

According to the Soviet's claim, the current Soviet support toward north Korea amounts to: 65 percent in the electric power industry, 33 percent in the steel industry, 38 percent in the rolled iron and metal industry, 50 percent in the manufacturing of petroleum-related materials, 20 percent in the textile industry, 14 percent in the chemical fertilizer industry, and 42 percent in the iron ore area. This reminds us that almost half of the key industries in north Korea are depending on the Soviet economic and technical support.

Following is the present status of the key facilities in north Korea which received Soviet support over the past period.

—Present Status of the Key North Korean Facilities Built With the Soviet's Economic and Technical Support

#### 1. 1954 - 1960

Twenty Economic Facilities Restored, Reconstructed or Newly Built with a Total of 1.3 Billion Ruble Provided by the Soviet Union:

- (1) Supung Hydroelectric Power Plant (for the first period)
- (2) Songjin Steel Mill
- (3) Kimchaek Commemoration Chongjin Chigum Plant



(4) Nampo Nonferrous Metals Plant

(5) Hungnam Nitrogenous Fertilizer Plant

Above facilities were for the restoration or reconstruction.

(6) Mokkung Hydrochloric Acid Factory

(7) Madong Cement Plant (output: 400,000 tons per year)

(8) Chonnaeri Cement Plant Annex Slate Factory

(9) Sariwon Tractor Repair Plant (output: 300 units per year)

(10) Kilchu Plywood Mill

(11) Pyong'yang Furniture Factory

(12) Two railroad transformer substations

(13) Railway bridge over Tuman River

(14) Textile complex (annual production capacity: 65 million meters)

(15) Pyong'yang Silk Thread and Silk Cloth Factory (annual production capacity: 10 million meters of silk cloth)

(16) Dye and bleach factory (annual production capacity: 45 million meters)

(17) Fish cannery in Sinpo

(18) Meat processing complex in Pyong'yang

(19) Broadcasting station in Pyong'yang

(20) Pyong'yang City Hospital (600 beds)

## 2. 1960's - 1970's

Eleven key facilities among the 38 economic facilities constructed or reconstructed with the Soviet's technological assistance:

(1) Oxygen converter that produces one million tons of steel per year at Kimchaek Commemoration Chigum Plant in Chongjin City

(2) Hot rolling mill for an annual production capacity of 850,000 tons of steel plate at the above factory

(3) Thermoelectric power generation station (output: 400,000 kilowatts) and an ammonia and polyvinyl chloride factory in Pyong'yang

(4) Pukchang Thermoelectric Power Plant (output 1.2 million kilowatts)

(5) Ungki Oil Refinery Plant (processing capacity: 2 million tons)

(6) Enpin Coal Cutting Plant (extraction capacity: 1.2 million tons)

(7) The first coal mine in the Anchu region (coal mining: 1.5 million tons)

(8) Medium-wave broadcasting station (output: 1,000 kilowatts)

(9) Enamel wire manufacturing factory (annual production: 6.5 million tons)

(10) Wireless communication branch line and a television relay wireless communication trunk line between Pyong'yang and the Soviet border

## 3. 1981 - 1985

Nine economic facilities currently being constructed or reconstructed with a long-term loan from the Soviet Union:

(1) Kimchaek Commemoration Chigum Plant

(2) Taldong oxygen factory in Nampo City

(3) Pyong'yang Small Electric Motor Factory (capacity: 10 million units)

(4) Bearing factory in Yongsong City (output: 10 million units of ball bearing)

(5) Pukchang Thermoelectric Power Plant (output: 1.6 million kilowatts)

(6) Chongjin Thermoelectric Power Plant (output: 150,000 kilowatts)

(7) Aluminum plant in the Anchu region (output: 23,000 tons)

(8) The second and third coal mines in the Anchu region that possesses a total output of 2.5 million tons

Miscellaneous: Taedong River storage Battery Factory and the expansion of hot and cold rolling mills in Kimchaek Commemoration Chigum Plant.



**Renewed Efforts To Improve Ties With Africa,  
Middle East, Latin America**

41070082 Seoul NAEWOE TONGSIN in Korean No  
592, 10 Jun 88 pp 1J-8J

[Text] Seoul, NAEWOE TONGSIN—Recently, north Korea has dispatched many high-level delegations, including Kim Il-song's special envoys, to Africa, the Middle East, and Latin America in a persistent move to step up its camouflaged peace propaganda campaign and its scheme to obstruct the Seoul Olympics.

North Korea dispatched a government delegation headed by Vice President Yi Chong-ok to Zambia in early May, and subsequently it sent similar delegations to many countries in Africa, Middle East, and Latin America to step up diplomacy through exchange of visits.

These delegations recently visited more than 10 countries, including Zambia, Angola, Zaire, the Congo, Sao Tome and Principe, Guinea, Guinea-Bissau, Libya, Syria, Peru, and Guatemala.

Most of these countries either have diplomatic relations with north Korea, but not with south Korea, or are countries leaning toward the left, and some of them are middle-of-the-roaders.

North Korea's purpose in dispatching delegations to friendly countries was to solicit active support for its national reunification formula and to enlist support for its position in the international arena by stepping up diplomatic activities through these visits, on the basis of the existing friendly and cooperative ties with these countries, and thus to strengthen its international prestige. On the other hand, in sending delegations to middle-of-the-road countries, north Korea seems to have had an ulterior motive to strengthen its diplomatic capability by making an all-out effort to make these countries pro-north Korean.

North Korea's stepped up dispatch of delegations to promote diplomacy seems to have been motivated by a hidden intention to persuade the leaders of host countries to boycott the Seoul Olympics unless its demand for the "co-hosting" of the Olympics is met.

The following is a region-by-region, country-by-country account on the recent visits made by north Korean delegations.

**Africa and the Middle East:** In early May, a delegation led by Vice President Yi Chong-ok visited Zambia where the delegation met with President Kaunda and other government leaders reportedly to solicit support for north Korea.

Officially, Yi Chong-ok's trip to Zambia was a return visit for the previous visit paid to north Korea in February by President Kaunda. However, in view of the

fact that Zambia is a key pro-north Korean country with which north Korea has close cooperative ties in the military and economic fields, the purpose of Yi's visit was supposedly to persuade Zambia to boycott the Seoul Olympics, the widespread boycott of the Olympics being north Korea's immediate goal vis-a-vis south Korea, and to win firm support for its unification formula.

Meanwhile, a delegation led by Kil Chae-kyong, deputy director of the Party International Department, toured Angola, Zaire, the Congo, and Sao Tome Principe for nearly a month beginning 9 May through 2 June.

In the Congo, the first country he visited during this tour, Kil Chae-kyong concentrated his effort on creating a friendly atmosphere between north Korea and the Congo through the strengthening of cooperative ties between the two parties.

During his stay in the Congo, Kil Chae-Kyong made a diplomatic effort to win support for north Korea's national reunification formula in particular. As a result, on 13 May, (Kamil Bongo), permanent secretary of the Congolese party, assured Kil of the Congo's support for north Korea by saying: "We express our full support for and solidarity with the WPK position on the national reunification issue."

The next countries Kil Chae-kyong visited were Angola and Sao Tome Principe, where he solicited support for north Korea's position on the reunification issue, while an all-out effort to develop bilateral ties with these host countries by stressing the importance of strengthening cooperative ties with them.

In response to north Korea's appeal for support to its position on the national reunification issue, the leaders of these two countries endorsed the north Korean position. Angolan President Santos said that Angola "will continue to actively support the just struggle of the WPK and the DPRK government for the peaceful reunification." Manuel Costa, president of Sao Tome and Principe, stated that his country "will in the future, as in the past, continue to actively support the proposals of the WPK and the DPRK government for peaceful reunification."

Despite their professed support for north Korea's position on the reunification issue, these two countries said nothing about north Korea's demand for co-hosting the Seoul Olympics. This indicates that north Korea's eleventh-hour maneuvers to scuttle the Olympics are failing to receive any tangible response.

Angola, a pro-Soviet leftist state, has been pursuing an out-and-out pro-north Korean policy. However, as far as the north Korean demand for co-hosting the Olympics is concerned, it has maintained a neutral stand, without clearly indicating whether it supports the demand or it



will boycott the Olympics. Angola seems to maintain a neutral position, seeing in the forthcoming 24th Olympics an opportunity for exchanges and dialogues between north and south Korea.

Meanwhile, Kim Pong-ul, Minister of Labor Administration visited Guinea and Guinea-Bissau, in a capacity respectively as Kim Il-song's special envoy and as head of a government delegation, to launch a friendly diplomatic offensive, which included the delivery of Kim Il-song's personal messages.

Upon his arrival in Guinea on 28 May in his capacity as Kim Il-song's special envoy, Kim Pong-ul issued a statement saying that the purpose of his visit was "to further develop the bilateral friendly ties between the two countries and to discuss with the leaders of the Guinean leaders a number of important issues of mutual interest to both countries."

He then visited Guinea-Bissau in his capacity as head of a government delegation. There he exerted efforts to develop the existing cooperative relations and strengthen solidarity between north Korea and Guinea Bissau.

During his stay in Guinea-Bissau, Kim Pong-ul met with President Vieira and other leaders, particularly to enlist active support for north Korea's national reunification formula. At his 3 June meeting with Vieira, president of the Council of State, he was reportedly told that "it is the unalterable, principled position of Guinea-Bissau to support the struggle of Korea to achieve its reunification."

Meanwhile, Education Committee Chairman Pyon Yong-nip visited Libya and Syria in his capacity respectively as head of a government delegation and as Kim Il-song's special envoy, reportedly to carry out a diplomatic campaign to enlist support for north Korea on the basis of the existing cooperative ties with these countries.

Pyon visited Libya in his capacity as head of a government delegation 17 to 19 May to enlist support for north Korean's demand for the withdrawal of U.S. troops from south Korea, the withdrawal of nuclear weapons, and for the expansion of nuclear free zones, while stressing the need to develop the existing cooperative military and economic ties and the solidarity in the common anti-imperialist, anti-U.S. struggle.

In this connection, in his 24 May meeting with Pyon, Umar Mustafa al- Muntasir, secretary of the General People's Committee, expressed Libya's position supporting north Korea as a matter of principle, saying that "the friendly ties" between the two countries "is unalterable" and that Libya "supports the struggle of the Korean people for national reunification."

On 26 May, Pyon Yong-nip arrived in Syria for a visit in his capacity as Kim Il-song's special envoy. During his stay there, he met with President Hafi al-Assad and other

government leaders, during which the two sides pledged to strengthen the militant friendly ties between the two countries in the so-called common struggle against imperialism.

During his 28 May meeting with the Syrian president, Pyon delivered to the president a personal message from Kim Il-song stressing the need to strengthen the friendly ties between north Korea and Syria. Al-Assad clarified the Syrian position supporting north Korea by saying Syria "supports all the north Korean proposals for the reunification of Korea."

Latin America: A parliamentary delegation led by Son Song-pil, vice chairman of the Standing Committee of the Supreme People Assembly, toured Guatemala, Peru, and Panama.

Following his visit to Guatemala, Son Song-pil and company arrived in Peru on 23 May. During his stay in Peru, Son Song-pil contacted high-ranking officials of the (American People's Revolutionary Alliance), Peru's ruling party, and the leaders of the Peruvian Government, to promote friendly ties between the two countries.

Son met with (Luis Regdeilos), general secretary of the (American People's Revolutionary Alliance) on 23 May, and on 24 May, the following day, he met with the Peruvian prime minister, who expressed his desire to improve friendly ties with north Korea by saying that "we hope that relations between the two countries will develop in all areas, political, economic, and cultural." This statement is indicative of the recent development of north Korea-Peru relations.

This was Son Song-pil's second visit to Peru. It was in last September that he had paid his first visit to that country as head of a party delegation. During the first visit, Son called for Peruvian support for north Korea while conducting propaganda campaign on north Korea's disarmament proposal and slandering the proposal for the simultaneous admission of two Koreas to the United Nations.

From Peru, Son Song-pil arrived in Panama on 2 June. During his stay there, he met with President Manuel Solis Palma, and other government leaders. In meetings with Panamanian leaders, Son reportedly devoted his effort to developing friendly relations between north Korean and Panama through the strengthening of their solidarity.

This latest series of diplomatic activities conducted in Latin American by the north Korean delegations is viewed as part of the north Korean efforts to infiltrate Latin American by cultivating in countries in that region an atmosphere of friendliness toward north Korea and by developing this atmosphere ultimately into formal diplomatic relations with countries having no diplomatic ties with it at present.